CARSGEN THERAPEUTICS

科濟藥業控股有限公司

CARSGEN THERAPEUTICS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2171

GLOBAL OFFERING

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Goldman Sachs

UBS

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Goldman Sachs

UBS

CITIC SECURITIES

CREDIT SUISSE

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

CARsgen Therapeutics Holdings Limited
科濟藥業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Global Offering

Number of Offer Shares under the Global Offering	**:**	**94,747,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**9,475,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**85,272,000 Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$32.80 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund)**
Nominal value	**:**	**US$0.00000025 per Share**
Stock code	**:**	**2171**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, having attached thereto the documents specified in "Appendix VI — Documents Delivered to the Registrar of Companies and Available for Inspection" in this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, June 10, 2021 (Hong Kong time) and, in any event, not later than Thursday, June 17, 2021 (Hong Kong time). The Offer Price will not be more than HK$32.80 per Offer Share and is currently expected to be not less than HK$29.60 per Offer Share. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$32.80 for each Hong Kong Offer Share together with a brokerage of 1.0%, an SFC transaction levy of 0.0027% and a Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$32.80 per Offer Share.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this Prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of 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.carsgen.com not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Prospectus and the related Application Forms, including the risk factors set out in the section headed "Risk Factors" in this Prospectus. 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 the Joint Global Coordinators (on behalf of the 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. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold (i) solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.carsgen.com. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

June 7, 2021

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.carsgen.com. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **White Form eIPO** service at **www.eipo.com.hk**;

(2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

i. instructing 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; or

ii. (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (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 CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, both at +852 2862 8690 on the following dates:

Monday, June 7, 2021 — 9:00 a.m. to 9:00 p.m.
Tuesday, June 8, 2021 — 9:00 a.m. to 9:00 p.m.
Wednesday, June 9, 2021 — 9:00 a.m. to 9:00 p.m.
Thursday, June 10, 2021 — 9:00 a.m. to 12:00 noon

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this Prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this Prospectus is available online at the website addresses above.

Please refer to the section headed "How to Apply for Hong Kong Offer Shares" for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

CARsgen Therapeutics Holdings Limited
(Stock Code 2171)
(HK$32.80 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		*HK$*		*HK$*		*HK$*
500	16,565.26	8,000	265,044.20	70,000	2,319,136.79	600,000	19,878,315.36
1,000	33,130.53	9,000	298,174.73	80,000	2,650,442.05	700,000	23,191,367.92
1,500	49,695.79	10,000	331,305.26	90,000	2,981,747.30	800,000	26,504,420.48
2,000	66,261.05	15,000	496,957.88	100,000	3,313,052.56	900,000	29,817,473.04
2,500	82,826.31	20,000	662,610.51	150,000	4,969,578.84	1,000,000	33,130,525.60
3,000	99,391.58	25,000	828,263.14	200,000	6,626,105.12	1,500,000	49,695,788.40
3,500	115,956.84	30,000	993,915.77	250,000	8,282,631.40	2,000,000	66,261,051.20
4,000	132,522.10	35,000	1,159,568.40	300,000	9,939,157.68	2,500,000	82,826,314.00
4,500	149,087.37	40,000	1,325,221.02	350,000	11,595,683.96	3,000,000	99,391,576.80
5,000	165,652.63	45,000	1,490,873.65	400,000	13,252,210.24	3,500,000	115,956,839.60
6,000	198,783.15	50,000	1,656,526.28	450,000	14,908,736.52	4,000,000	132,522,102.40
7,000	231,913.68	60,000	1,987,831.54	500,000	16,565,262.80	4,737,500[(1)]	156,955,865.03

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Company's website at ***www.carsgen.com*** *and the website of the Stock Exchange at* ***www.hkexnews.hk****.*

Hong Kong Public Offering commences ..... 9:00 a.m. on Monday, June 7, 2021

Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**(2) ..... 11:30 a.m. on Thursday, June 10, 2021

Application lists open(3) ..... 11:45 a.m. on Thursday, June 10, 2021

Latest time to (a) lodge completing payment of **White Form eIPO** applications by effecting internet banking Transfers(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC(4) ..... 12:00 noon on Thursday, June 10, 2021

If you are instructing 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 are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close(3) ..... 12:00 noon on Thursday, June 10, 2021

Expected Price Determination Date(5) ..... Thursday, June 10, 2021

Announcement of the Offer Price, the level of indications 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 under the Hong Kong Public Offering to be published and on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.carsgen.com**(6) on or before ..... Thursday, June 17, 2021

The 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, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at **www.carsgen.com** and **www.hkexnews.hk** respectively ..... Thursday, June 17, 2021

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment)** with a "search by ID" function from ..... 8:00 a.m. on Thursday, June 17, 2021 to 12:00 midnight on Wednesday, June 23, 2021

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on ..... Thursday, June 17, 2021, Friday, June 18, 2021, Monday, June 21, 2021 and Tuesday, June 22, 2021

Share certificates in respect of wholly or partially successful applications to be dispatched/collected or deposited into CCASS on or before[7] ..... Thursday, June 17, 2021

White Form e-Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched/collected on or before[8][9] ..... Thursday, June 17, 2021

Dealings in the Shares on the Stock Exchange expected to commence at ..... 9:00 a.m. on Friday, June 18, 2021

The application for the Hong Kong Offer Shares will commence on Monday, June 7, 2021 through Thursday, June 10, 2021. The application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicant(s) without interest on Thursday, June 17, 2021. Investors should be aware that the dealings in Shares on the Stock Exchange are expected to commence on Friday, June 18, 2021.

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.

(2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application 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/are a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or an announcement of "extreme conditions" caused by a super typhoon by the Government of Hong Kong in accordance with revised "Code of Practice in Times of Typhoons and Rainstorms" issued by the Hong Kong Labour Department in June 2019 in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, June 10, 2021, the application lists will not open and will close on that day. For further details, please see the section headed "How to Apply for the Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this Prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to Apply for the Hong Kong Offer Shares — 6. Applying through CCASS EIPO service" in this Prospectus.

(5) The Price Determination Date is expected to be on or about Thursday, June 10, 2021, and in any event, not later than Thursday, June 17, 2021. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us on or before Thursday, June 17, 2021, 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 will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised. Investors who trade Shares on the basis of publicly available allocation details 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-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Offering and in respect of wholly or partially successful applicants in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.

(9) Applicants who have applied on **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, June 17, 2021 or such other date as notified by us as the date of dispatch/collection of Share certificates/e-refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through **CCASS EIPO** service should refer to the section headed "How to Apply for the Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies — Personal Collection — (ii) if you apply through **CCASS EIPO** service" in this Prospectus for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks by ordinary post at their own risk.

Share certificates and/or refund checks for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for the Hong Kong Offer Shares — 13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies".

The above expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please see the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this Prospectus, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, the Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This Prospectus is issued by us 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 making, 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 Hong Kong 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 for purposes of a public offering and the offering and sale of the Hong Kong 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. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this Prospectus. 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 contained nor made in this Prospectus and the Application Forms must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, any of the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering.

CONTENTS

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 this Prospectus in its entirety before you decide to invest in the Offer Shares. ***We are a biopharmaceutical company discovering, developing and commercializing innovative cell therapies for the treatment of hematological malignancies and solid tumors with current operations primarily in China and the U.S., and seeking a listing under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Listing Rule 8.05 (1), (2), or (3).*** *There are risks associated with any investment. More specifically, CAR-T therapies are considered to have significant high-risks in nature, as they represent emerging approaches to cancer treatment that face significant challenges and hurdles, in particular in the treatment of solid tumors, a therapeutic area where we focus on. 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.*

OVERVIEW

We are a biopharmaceutical company with operations in China and the U.S. focused on innovative CAR-T cell therapies for the treatment of hematological malignancies and solid tumors. We have internally developed novel technologies and a product pipeline with global rights to address major challenges of CAR-T cell therapies, such as improving the safety profile, enhancing the efficacy in treating solid tumors and reducing treatment costs. Our vision is to become a global biopharmaceutical leader that brings innovative and differentiated cell therapies to cancer patients worldwide and makes cancer curable.

We believe that we are a key player in the field of CAR-T cell therapies. We have developed an upgraded B cell maturation antigen ("**BCMA**") targeted CAR-T product, CT053, which is our sole Core Product Candidate. CT053 has demonstrated favorable safety, as evidenced by the absence of Grade 3 or above cytokine release syndrome ("**CRS**") or treatment-related patient deaths, and promising efficacy for the treatment of relapsed/refractory multiple myeloma ("**R/R MM**"), a type of hematological malignancies, based on the clinical data from investigator-initiated trials, which are clinical trials sponsored and conducted by independent investigators, and our Phase I clinical trials in China and the United States. However, the clinical trials of CT053 are ongoing and we will collect additional safety and efficacy data. We are the first in the world to successfully identify, validate and report Claudin 18.2 ("**CLDN18.2**") and glypican-3 ("**GPC3**") as tumor-associated antigens for CAR-T therapies for gastric/pancreatic cancer and hepatocellular carcinoma ("**HCC**"), each of which represents significant unmet medical needs. By progressing our CLDN18.2-targeted CAR-T product candidate, CT041, into clinical stage, we may change the treatment paradigm of difficult-to-treat solid tumors.

As of the Latest Practicable Date, we had obtained seven IND clearances for CAR-T therapies in China, the United States and Canada, ranking the first among all CAR-T companies in China, according to Frost & Sullivan. In addition, among all CAR-T companies in China, we received the first and only Regenerative Medicine Advanced Therapy, or RMAT, designation from the U.S. FDA for CT053, which brings the benefits of both the Breakthrough Therapy designation and the Fast Track designation. The RMAT designation from the FDA for CT053 provides us with various benefits, such as engaging in enhanced interactions and early dialogues with the FDA to optimize our development plans and accelerate regulatory evaluation.

Led by an experienced management team of academic professionals and industry veterans, we have built an integrated cell therapy platform with in-house capabilities that span from target discovery, lead antibody development, clinical trials to commercial-scale manufacturing. Leveraging our platform, we have developed a differentiated pipeline of 11 product candidates, including six at clinical stage. Ten of the 11 product candidates are CAR-T cell therapies, including five at clinical stage. Our CAR-T product candidates target both evidence-based and novel tumor-associated antigens and are carefully designed and optimized to reduce adverse events commonly associated with existing CAR-T therapies. In addition, we are exploring our proprietary allogeneic CAR-T technology, THANK (Target to Hinder the Attack of NK cells)-uCAR, with an aim to overcome inefficient expansion and persistence of allogeneic CAR-T cells and to generate high-quality, universal allogeneic CAR-T cell therapies that are readily available at a lower cost because each batch of allogeneic CAR-T cells could be used to treat multiple patients. Allogeneic CAR-T cell therapies are challenging to develop, and we may not be successful in developing allogeneic CAR-T products. We own global rights to our product candidates and technologies, all of

which are developed by us in-house. We will continue our endeavor with our technology platforms to identify novel tumor-associated targets and develop potentially first-in-class or best-in-class CAR-T therapies to fulfill significant unmet medical needs.

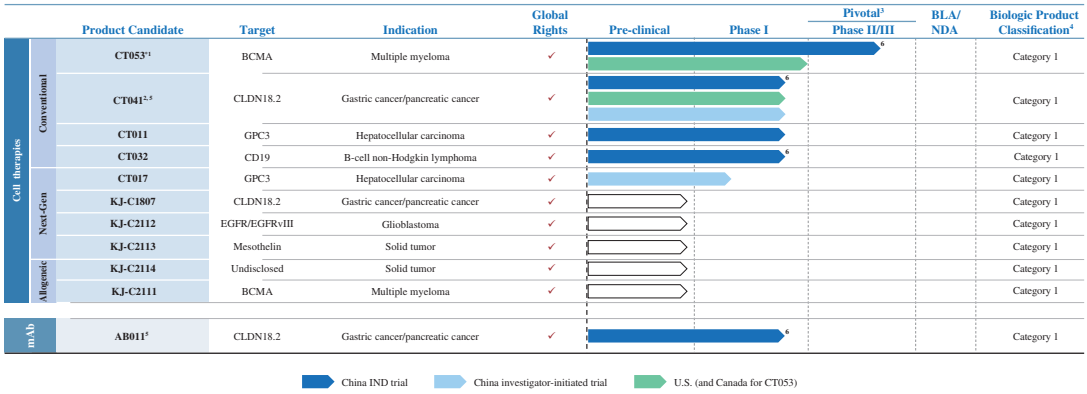
We have established in-house GMP-compliant manufacturing capabilities that cover end-to-end CAR-T manufacturing, including plasmids production, lentiviral vectors production and CAR-T cell product manufacturing. We have launched a manufacturing facility in Xuhui, Shanghai with a total GFA of approximately 3,000 sq.m. and an annual CAR-T production capacity to support the CAR-T treatment of 200 patients. We have also completed the construction of our commercial-scale manufacturing facility located in Jinshan, Shanghai which is expected to support CAR-T treatment of up to 2,000 patients annually and obtained the first Manufacture License for Pharmaceutical Products ("**Manufacturing License**") issued in China for CAR-T cell therapy. For additional information, see "— Manufacturing." To support our global expansion, we are planning for the construction of a second-phase of our Jinshan facility and building up GMP-compliant commercial manufacturing facilities in the United States, which collectively will be able to expand our manufacturing capacity to support the treatment of over 10,000 patients annually. By building end-to-end manufacturing capabilities, we expect to significantly reduce the manufacturing costs because the use of CDMO and CRO is more expensive, and reduce the process turnaround time or the vein-to-vein time by eliminating extra transportation time and release time due to the third-party testing. In anticipation of the upcoming commercialization of our product candidates once approved, we are assembling a dedicated in-house sales and marketing force to support the initial product launch at the top hospitals capable of administering CAR-T cell therapies in China.

Our experienced management team collectively covers every step of cell therapy discovery and development cycle. Led by our co-founder, CEO and Chief Scientific Officer, Dr. Zonghai Li, our senior management team brings extensive research and development experience from academia, governmental agencies and multinational pharmaceutical corporations to our Company. Dr. Li is one of the leading researchers in the field of CAR-T cell therapies and has published over 100 peer-reviewed scientific papers in renowned scientific journals. Dr. Li spearheaded the discovery of CLDN18.2 and GPC3 as solid tumor-associated targets for the development of CAR-T therapies. In charge of our regulatory affairs, Dr. Yong Fan, our Senior Vice President, Global Regulatory Affairs, has decades of product development, manufacturing and regulatory experience and previously served at the U.S. FDA in several roles in charge of reviewing medical devices used in the manufacturing of cellular therapy products, performing prelicensing inspections and CBER and CDRH compliances. In addition, members of our world-class research and development team have cross-disciplinary expertise in a variety of fields, including chemistry, biology, pharmacology, toxicology, pharmacovigilance, regulatory affairs, translational and clinical research, and possess in-depth expertise in multiple cell therapy and disease areas.

We intend to build on the extensive progress we have made to date to rapidly advance the clinical development and commercialization of our lead product candidates. We have been focusing on four primary aspects in our research and development to produce improved CAR-T cell therapies and will continue our efforts in these areas to expand our product portfolio: (1) developing the next-generation CAR-T technologies to enhance the efficacy and safety of our products; (2) developing allogeneic CAR-T products (CAR-T cells manufactured with non-self T cells) with our THANK-uCAR technology, which are readily available "off-the-shelf" at lower costs than autologous CAR-T cell therapies (CAR-T cells manufactured with the patients' own T cells); (3) exploring potential combination approaches to boost the therapeutic effects of single agents; and (4) identifying new targets and approaches to tackle new indications. In addition, we plan to further expand our manufacturing and commercialization capabilities.

OUR PRODUCT PIPELINE

Since our inception, we have adopted and executed our strategic business model of self-developing innovative and differentiated biopharmaceutical products with a focus on CAR-T cell therapies. CT053, our sole Core Product Candidate, is for the treatment of R/R MM, a form of hematological malignancies and is at the most advanced development stage among the product candidates in our pipeline. Other than CT053, CT032 and KJ-C2111, all the other product candidates in our pipeline are for the treatment of solid tumors which are in Phase Ib clinical trials or earlier. The following chart summarizes our pipeline and the development status of each product candidate as of the Latest Practicable Date. The clinical-stage product candidates are currently being developed for treating advanced stage cancers.



Notes:

* Denotes our sole Core Product Candidate

1 RMAT designation from the U.S. FDA, PRIME designation from the EMA, Breakthrough Therapy Designation from the NMPA, Orphan Drug designation from the U.S. FDA and Orphan Medicinal Product designation from the EMA. The PRIME designation from the EMA provides us with various benefits, such as engaging in enhanced interactions and early dialogues with the EMA to optimize our development plans and accelerate regulatory evaluation. The RMAT designation brings benefits of both Fast Track and Breakthrough Therapy designations. For additional information on RMAT and Orphan Drug designations, see "Regulatory Overview — Laws and Regulations of Pharmaceutical Product Development and Approval in the United States." For Orphan Medicinal Product designation, see "Industry Overview — Overview of Cellular Immunotherapy and CAR-T Market — CAR-T Cell Therapy — Orphan Medicinal Product Designation." The ongoing Phase II trial in China is a pivotal trial. For NMPA Breakthrough Therapy Designation, see "Regulatory Overview — Laws and Regulations Relating to Drugs — Regulations on Drug Research and Development — Priority Evaluation and Approval Programs to Encourage Innovation."

We received the IND approval from the NMPA in February 2019 for initiating an open-label, single-arm, multi-center Phase I/II clinical trial in patients with R/R MM in China. We were permitted by the NMPA to launch the pivotal Phase II part of the aforementioned clinical trial in the fourth quarter of 2020 after the required communication meeting with the NMPA. In addition, we are communicating with the U.S. FDA regarding the initiation of the pivotal Phase II clinical trial of CT053 in R/R MM patients in the U.S. We expect to obtain approval from the FDA for initiating the Phase II clinical trial by the third quarter of 2021.

2 Orphan Drug designation from the U.S. FDA and Orphan Medicinal Product designation from the EMA.

3 Phase II trials of some indications are pivotal studies.

4 Category 1 refers to therapeutic biological products that have not been marketed anywhere in the world as classified by the Registration Category of Biological Products and the Data Requirements for Declaration (《生物製品註冊分類及申報資料要求》) issued by the NMPA. There is no equivalent classification scheme in the U.S. according to Frost & Sullivan.

5 We are developing a companion diagnostic kit for CT041 and AB011 (αCLDN 18.2 mAb) to measure the expression level of CLDN18.2. We have developed the prototype and completed the analytical validation of the companion diagnostic kit. We are currently conducting clinical validation of the kit in clinical trials of CT041 in China and the U.S. and in the clinical trial of AB011 in China.

6 The clinical trials are conducted under the clinical trial protocol covering Phase I and Phase II for each product candidate.

Set forth below is a summary of basic information on our ongoing clinical trials of our sole Core Product Candidate. For summary information on the ongoing clinical trials discussed in this Prospectus for other product candidates, see "Business — Our Product Pipeline." CT053 is subject to market competition such as Abecma, a BCMA-targeted CAR-T cell therapy, which received the marketing approval from the U.S. FDA for the treatment of R/R MM after four or more lines of therapy. As of the Latest Practicable Date, other than Abecma and CT053, there were 16 other BCMA-targeted CAR-T product candidates under clinical development for the treatment of MM globally. The development stage of some of these competing product candidates is more advanced compared to that of CT053. For additional information, see "Industry Overview — Overview of BCMA-Targeted CAR-T Cell Therapy — Competitive Landscape."

Clinical Trial	Clinical Trial Initiation	Expected Trial End*	Number of Engaged Clinical Sites**	Number of CROs/CMOs and Expected Logistic Partners	Next Regulatory Milestone
CT053 Phase I/II clinical trial for MM in China (LUMMICAR STUDY 1)	Q3 2019	Q4 2021	19	7	Expected NDA submission to the NMPA in the first half of 2022
CT053 Phase Ib/II clinical trial for MM in North America (LUMMICAR STUDY 2) . . .	Q3 2019	Q4 2022	9	17	Expected BLA submission to the U.S. FDA in the first half of 2023

* "Expected trial end" is the date when the final participant is examined or receives an intervention for the purposes of final collection of data for the primary endpoint.

** As of the Latest Practicable Date

Clinical Stage Product Candidates (in IND Trials)

- Fully human BCMA CAR-T (CT053): our Core Product Candidate, an autologous CAR-T product candidate against BCMA being developed for the treatment of relapsed/refractory multiple myeloma, or R/R MM. We have completed the Phase I trial and are conducting the pivotal Phase II trial of a Phase I/II clinical trial of CT053 for R/R MM in China. We are completing a Phase Ib clinical trial of CT053 for R/R MM in North America and communicating with the U.S. FDA regarding the initiation of the pivotal Phase II clinical trial. We expect to complete the patient enrollment for the Phase Ib clinical trial in North America in the second quarter of 2021. We plan to submit a NDA to the NMPA in the first half of 2022 and submit a BLA to the U.S. FDA in the first half of 2023 for CT053 as a treatment for MM patients who have received at least three prior lines of therapies. We are also planning for a randomized global Phase III trial, which we expect to initiate in the third quarter of 2022, to assess CT053 as an earlier line of treatment for R/R MM in patients who have received one to three prior lines of systemic therapies.
- Humanized CLDN18.2 CAR-T (CT041): a globally potential first-in-class, autologous CAR-T product candidate against CLDN18.2 being developed for the treatment of CLDN18.2 positive solid tumors with a primary focus on gastric/gastroesophageal junction cancer and pancreatic cancer. As of the Latest Practicable Date, CT041 was the only CLDN18.2-targeted CAR-T product candidate globally that was being studied in clinical trials with IND approvals, according to Frost & Sullivan. CT041 has demonstrated promising therapeutic efficacy and favorable safety in the ongoing clinical trials. In addition to the investigator-initiated trials in China, we have initiated a Phase Ib/II clinical trial for advanced (unresectable or metastatic) gastric/gastroesophageal junction cancer and pancreatic cancer in China and a Phase Ib clinical trial for advanced (unresectable or metastatic) gastric or pancreatic cancer in the United States to evaluate the safety and efficacy of CT041. We have applied to the NMPA for the required regulatory approval for initiating the pivotal Phase II clinical trial in China. We also intend to conduct a pivotal Phase II clinical trial in the United States in 2022, and we are considering pivotal Phase II clinical trials in Canada, Europe and Asia-Pacific countries. Going forward, we plan to develop CT041 as an earlier line treatment for CLDN18.2 positive solid tumors.
- Humanized GPC3 CAR-T (CT011): a globally potential first-in-class, autologous CAR-T product candidate against GPC3 being developed for the treatment of HCC. CT011 received IND clearance from the NMPA , which is China's first IND clearance for CAR-T cell therapy against solid tumors, according to Frost & Sullivan. Globally, CT011 received the first IND clearance among all GPC3-targeted CAR-T product candidates under IND clinical development as of the Latest Practicable Date, according to Frost & Sullivan. The investigator-initiated trial of CT011 in China demonstrated that CT011 was generally tolerable in GPC3 positive HCC patients who have been heavily treated. We have initiated a Phase I clinical trial in China to evaluate the safety, cellular kinetics and efficacy of CT011

in patients with GPC3 positive advanced HCC. We plan to submit a subsequent application to the NMPA for a Phase II clinical trial of CT011 in GPC3 positive HCC patients in the second half of 2021 and initiate the Phase II trial upon approval.

In addition to the three product candidates listed above, our pipeline also includes three clinical-stage product candidates, CT032, AB011 and CT017 and five pre-clinical product candidates. CT032 is an autologous CAR-T products candidate against CD19 and is being developed for the treatment of B cell Non-Hodgkin's lymphoma ("**NHL**"). We are conducting an open-label, single arm, Phase I/II clinical trial in China. AB011 is a humanized monoclonal antibody product candidate against CLDN18.2 and is being developed for the treatment of CLDN18.2 positive solid tumors and is currently in Phase I clinical trial in China. CT017 is an autologous GPC3-targeted CAR-T product candidate armored with a transcription factor, which is currently under an investigator-initiated trial in China. For additional information on our product candidates, see "Business — Our Product Pipeline." Furthermore, we are investing significant resources to develop the next-generation CAR-T technologies in order to address major challenges of treating solid tumors. For example, we are developing CycloCAR, a next-generation CAR-T technology that co-expresses cytokines IL-7 and chemokine CCL21, that potentially has greater clinical efficacy and reduced requirement for lymphodepletion conditioning.

In general, CAR-T cell therapies have been more effective in treating hematological malignancies than treating solid tumors. Our CAR-T product candidates designed for the treatment of solid tumors are in Phase I clinical trials or pre-clinical studies and may require us to invest a significant amount of time and resources in their development to obtain marketing approval, or they may not be successfully developed to reach commercialization. In addition, we may not be able to commercialize our Core Product Candidate or other product candidates given that CAR-T cell therapies are emerging approaches to cancer treatment that face significant challenges and hurdles, such as developing consistent and reliable manufacturing processes, optimizing the pre-treatment conditioning regimen, managing potentially severe adverse effects, reducing off-tumor or off-target toxicities, and gaining recognition by the physicians and patients as an effective cancer treatment. For additional information on risks associated with the development of our product candidates, see "Risk Factors — Risks Relating to Discovery, Pre-Clinical Development and Clinical Development of Our Product Candidates."

In the investigator-initiated trials and clinical trials under IND of our product candidates, we have not observed rolling and/or late manifestation of biological or health effects which present themselves as a spectrum of adverse effects. However, as a result of potential long-term exposure to CAR-T cell therapies, which are considered as a type of genetic modified human gene therapies by the U.S. FDA and the NMPA, patients may be at increased risk of undesired outcomes that may present as delayed adverse effects. To understand and mitigate the risk of a delayed adverse effects, patients in gene therapy trials may need to be monitored for an extended period as required by the U.S. FDA and the NMPA. For additional information on potential risks associated with undesirable adverse effects, see "Risk Factors — Risks Relating to Discovery, Pre-Clinical Development and Clinical Development of Our Product Candidates — Our product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, limit their commercial potential, or result in significant negative consequences." For our measures regarding such potential adverse effects, see "Business — Our Product Pipeline — Overview."

OUR STRENGTHS

We believe that the following competitive strengths help differentiate us from our competitors:

- Upgraded fully-human BCMA CAR-T therapy with a favorable safety profile;
- Globally potential first-in-class CLDN18.2 CAR-T product candidate for solid tumors;
- Globally potential first-in-class GPC3 CAR-T product candidate for HCC;
- Proprietary technologies and platforms to address major challenges of CAR-T therapies;
- China's first licensed CAR-T manufacturing facilities with in-house viral vector capabilities; and
- Experienced senior management team and strong shareholder support.

OUR STRATEGIES

We intend to capitalize on the progress made with our existing pipeline and platform technologies through the following strategies.

- Rapidly advance the global clinical development and commercialization of CT053;
- Further enhance our leadership in solid tumors by rapidly advancing the clinical development of CT041 as a globally potential first-in-class CLDN18.2 CAR-T product candidate;
- Continue to develop and advance CT011 as a globally potential first-in-class GPC3 CAR-T product candidate and expand our treatment coverage to other types of solid tumors;
- Leverage our proprietary CAR-T technologies to build a comprehensive product portfolio;
- Expand full-scale manufacturing and commercialization capabilities; and
- Further enhance our fully-integrated platform and solidify ourselves as a leading cell therapy franchise globally.

RESEARCH AND DEVELOPMENT

We have established an integrated research and development platform covering the full CAR-T development cycle including target discovery, antibody development, vector design, manufacturing, quality assurance and quality control. This platform enables us to efficiently and effectively advance product candidates. As of the Latest Practicable Date, we had evaluated over 10 targets for the development of CAR-T cell therapies. Since our inception in 2014, we have self-developed a portfolio with 10 CAR-T product candidates. For additional information on the development process of our product candidates, see "Business — Research and Development."

As of the Latest Practicable Date, our research and development team serving research, clinical development and CMC functions consisted of 311 employees in China and 13 employees in the United States. 135 employees, accounting for 41.7% of our research and development team, hold a master's or doctorate degree. Our research and development team is led by our co-founder, CEO and Chief Scientific Officer, Dr. Zonghai Li, a leading researcher in the field of CAR-T cell therapies. Members of our research and development team have cross-disciplinary expertise in a variety of fields, including chemistry, biology, pharmacology, toxicology, pharmacovigilance, translational medicine and clinical research and possess in-depth expertise in multiple cell therapy and disease areas. We have a stable research and development team, with over 70% of the team members who worked with us five years prior to the Latest Practicable Date remain employed with us.

During the Track Record Period, we primarily conducted early discovery and optimization, IND studies and clinical manufacturing at our facilities located in Xuhui District, Shanghai. For additional information on our Xuhui facilities, see "Business — Research and Development" and "Business — Manufacturing."

While we conduct most aspects of our research, development and manufacturing activities in-house in China, we engage third party CROs and CDMOs primarily to support our clinical trials of our CAR-T product candidates in the U.S. and to manufacture AB011 for our pre-clinical studies and clinical trial in China. We believe our collaborations with third-parties are in line with the market practice. For additional information, see "Business — Research and Development — Clinical Development — Collaboration with CROs" and "Business — Manufacturing — Collaboration with CDMOs."

MANUFACTURING

We launched our clinical manufacturing facility in Xuhui, Shanghai in April 2017 which achieved over 95% manufacturing success rate for all product candidates and supported our early-stage clinical trials. We determine the manufacturing success rate by dividing (a) the number of patients for whom the CAR-T cells are manufactured and released by the quality assurance department by (b) the number of patients who have undergone apheresis for CAR-T manufacturing. The relevant numbers are derived from our records of all of the investigator-initiated trials and Phase I clinical trials from 2017 to the end of 2020 that were supported by our Xuhui facility. Since then, we have carried out clinical manufacturing at our clinical manufacturing facility to support our early-stage clinical trials. In August 2019, we

completed the construction of our commercial manufacturing facility located in Jinshan, Shanghai with a total GFA of approximately 7,600 sq.m., which is designed based on GMP standards of China, the United States, and the European Union ("**EU**"). In 2019, we passed the on-site inspection conducted by the SHMPA and obtained the Manufacturing License from the SHMPA on September 30, 2019.

COMMERCIALIZATION

We have not had experience in marketing our product candidates as none of them has received the marketing approval from relevant authorities. We have begun formulating our marketing strategies in a staggered approach corresponding to the expected launch timeline of our product candidates. We have hired Mr. YU Rong as our Director of Strategic Planning and aim to further expand our sales and marketing team to over 70 members by the end of 2022. The staggered approach features stepwise expansion of our future marketing efforts. In China, we intend to cover key Class III Grade A hospitals in tier one cities and selected tier two cities across the country that are equipped to administer CT053 CAR-T cell therapy and other treatments for hematological malignancies in their hematology department. We also plan to broaden our footprint into oncology departments as we approach the launch of CT041 and other solid-tumor product candidates. Going forward, we will also build out our sales and marketing force to cover other key markets such as the United States and Europe. During the initial phase of our global expansion outside of China, we may also consider collaborating with local contract sales organizations ("**CSOs**") to ensure we are able to cover all of the top-tier medical institutions in the region. For more details, see "Business — Commercialization."

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we owned 50 issued patents and 214 patent applications in more than 19 countries or regions, including China, the United States, Europe (EPO) and Japan. As of the Latest Practicable Date, our material granted patents and pending patent applications for our pipeline products included:

- Two granted patents and 15 pending patent applications directed to the antibody and CAR construct for CT053, all of which are patents for product. The issued patents were granted in 2020 and are set to expire in 2038. The start year of the patent applications is 2018 with estimated expiration of the corresponding patent rights, if granted, in 2038. All of the issued patents and patent applications list Dr. Wang as a co-inventor.
- One granted patent and 14 pending patent applications directed to the antibody and CAR construct for CT041 and AB011, respectively, all of which are patents for product. The issued patent had been received the notifiation to grant in 2021 and is estimated to set to expire in 2037. The start year of the patent applications is 2017 with estimated expiration of the corresponding patent rights, if granted, in 2037. All the patent applications list Dr. Wang and Dr. Li as co-inventors.
- Three granted patents and 11 pending patent applications directed to the antibody and CAR construct for CT011, all of which are patents for product. The issued patents were granted from 2019 to 2021 and are set to expire in 2036. The start year of the patent applications is 2016 with estimated expiration of the corresponding patent rights, if granted, in 2036. All of the issued patents and patent applications list Dr. Wang as a co-inventor.
- Five pending patent applications directed to the antibody and CAR construct for CT032, all of which are patents for product. The start year of the patent applications is 2017 with estimated expiration of the corresponding patent rights, if granted, in 2037. All the patent applications list Dr. Li as a co-inventor.

Our granted patents and pending patent applications cover the key inventions for our Core Product Candidate and pipeline candidates in clinical trials under IND, as well as our key technologies. As of the Latest Practicable Date, we were not involved in any proceedings or claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent. Our Directors confirm that they are not aware of any instances of infringement of any third parties' intellectual property rights by us as of the Latest Practicable Date. For additional information with regard to other types of intellectual property and measures to safeguard our intellectual property rights, see "Business — Intellectual Property." For risks related to intellectual property rights, see "Risk Factors — Risks Relating to Our Intellectual Property Rights."

SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of (i) CDMOs and CROs that provide third-party services primarily to support our clinical trials in the United States and for the production of AB011, (ii) suppliers of raw materials and equipment for our research and development and (iii) suppliers of construction or management services. We selected our suppliers by considering their capability, capacity, quality, delivery, supplier profile, and regulatory compliance according to our internal purchasing policy, among other factors.

COMPETITION

Our product candidates will compete with novel therapies in the same therapeutic areas. Due to the promising therapeutic effect of cell therapies, we anticipate increasing competition from existing and new companies. Among others, we expect to compete with Bristol Myers Squibb and bluebird bio, which obtained the marketing approval from the U.S. FDA on March 26, 2021 for Abecma (also known as ide-cel or bb2121), a BCMA-targeted CAR-T therapy, for the treatment of R/R MM after four or more prior lines of therapy; Legend Biotech and Janssen, which are developing the LCAR-B38M/JNJ-68284528 BCMA CAR-T products for the treatment of R/R MM and have submitted the BLA to the U.S FDA; and Takeda, which is developing TAK-102, a GPC3-targeted CAR-T cell therapy. We also face competition from commercialized CD19-targeted CAR-T products including Kymriah, Yescarta, Tecartus and Breyanzi, as well as CD19-targeted CAR-T product candidates that have submitted the marketing application. See "Business — Competition."

MARKET LANDSCAPE

Below is a summary of the market landscape of our Core Product Candidate and the two key product candidates CT041 and CT011.

Fully human BCMA CAR-T (CT053)

Abecma (also known as ide-cel or bb2121) developed by Bristol Myers Squibb and bluebird bio received the marketing approval from the U.S. FDA on March 26, 2021 for the treatment of R/R MM after four or more lines of therapy. As of the Latest Practicable Date, there were no other approved BCMA-targeted CAR-T product candidates, and there were 17 BCMA-targeted CAR-T product candidates, including CT053, under clinical development for the treatment of MM globally. LCAR-B38M/JNJ-68284528 developed by Legend Biotech and Janssen had submitted the BLA to the U.S. FDA. For additional information, see "Industry Overview — Overview of BCMA-Targeted CAR-T Cell Therapy — Competitive Landscape."

CLDN18.2-Targeted Product Candidates (CT041 and AB011)

Our pipeline product CT041 is the only CLDN18.2-targeted CAR-T product candidate globally that is currently being studied in clinical trials with IND approvals. We obtained the second IND clearance in the world for an mAb targeting CLDN18.2, according to Frost & Sullivan. As of the Latest Practicable Date, there had not been any CLDN18.2-targeted monoclonal antibody approved for marketing. Zolbetuximab developed by Astellas Pharma is the most advanced product candidate and has entered Phase III clinical trial. For additional information, see "Industry Overview — Overview of Claudin18.2-Targeted CAR-T Cell Therapy — Competitive Landscape — Overview of CLDN18.2-Targeted Monoclonal Antibody."

Humanized GPC3 CAR-T (CT011)

There are two GPC3-targeted CAR-T product candidates currently under IND clinical development, namely CT011 developed by us and TAK-102 developed by Takeda. CT011 received IND clearance from the NMPA, which is China's first IND clearance for CAR-T cell therapy against solid tumors, according to Frost & Sullivan. Both of the GPC3-targeted CAR-T product candidates are currently in Phase I clinical trial. For additional information, see "Industry Overview — Overview of GPC3-Targeted CAR-T Cell Therapy."

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, (i) Dr. Li, Mr. Guo Bingsen, Dr. Wang, Mr. Guo Huaqing and Mr. Chen, through their respective wholly owned intermediary entities, namely CART Biotech, Redelle Holding, He Xi Holdings, Candock Holdings and Accure Biotech (collectively the "**Intermediary Shareholders**"), respectively hold 69%, 10.2%, 10%, 10% and 0.8% of the issued share capital of YIJIE Biotech (BVI), which is in turn interested in and controls approximately 41.93% of the total issued share capital of our Company; (ii) Ms. Yang Xuehong, the wife of Mr. Guo Bingsen, our non-executive Director, is the sole shareholder of Yeed Holdings, which is in turn interested in and controls approximately 1.88% of the total issued share capital of our Company; and (iii) Ms. Guo Xiaojing, the daughter of Mr. Guo Bingsen, is the general partner of Quanzhou Dingwo (LP), which is in turn interested in and controls approximately 1.18% of the total issued share capital of our Company. On February 22, 2021, Dr. Li, Mr. Guo Bingsen, Dr. Wang. Mr. Guo Huaqing, Mr. Chen, the Intermediary Shareholders, YIJIE Biotech (BVI), Ms. Yang Xuehong, Yeed Holdings, Ms. Guo Xiaojing and Quanzhou Dingwo (LP) entered into the Concert Party Agreement, pursuant to which the aforementioned parties confirmed that they had been acting in concert historically and agreed that they would vote in agreement with each other in Directors' meetings, shareholders' meetings and on matters requiring shareholders' approval. Therefore, as of the Latest Practicable Date, Dr. Li, Mr. Guo Bingsen, Dr. Wang. Mr. Guo Huaqing, Mr. Chen, the Intermediary Shareholders, YIJIE Biotech (BVI), Ms. Yang Xuehong, Yeed Holdings, Ms. Guo Xiaojing and Quanzhou Dingwo (LP) form a group of Controlling Shareholders who are interested in and control approximately 44.98% of the total issued share capital of our Company. Immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme), our Controlling Shareholders will be interested in and control approximately 37.47% of the issued share capital of our Company and will remain as our Controlling Shareholders.

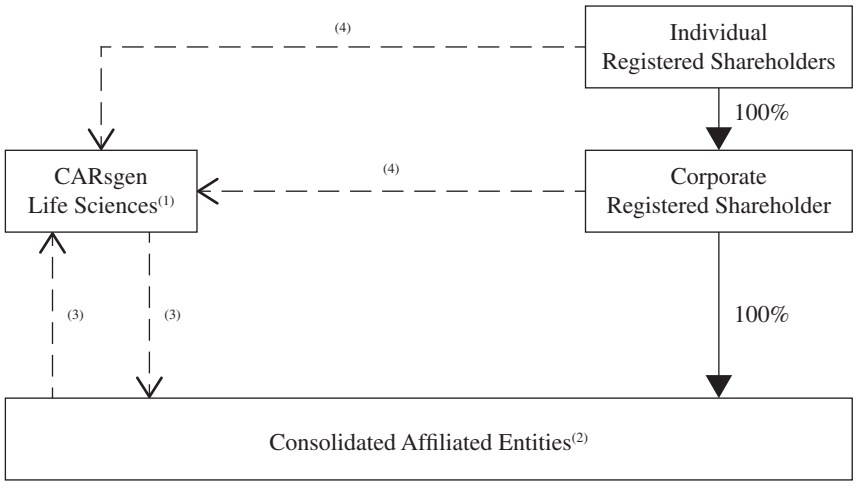
OUR PRE-IPO INVESTORS

Since the establishment of our Company, we have entered into several rounds of financing agreements with our Pre-IPO Investors, including China Medmaterial, NVMB XIII Holdings Limited, Violet Springs International Ltd, Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd (浙江佐力創新醫療投資管理有限公司), KTB China Platform Fund, KTBN Venture Fund No. 7, Hefei Kaitai Growth Investment Partnership (Limited Partnership) (合肥凱泰成長投資合夥企業(有限合夥)), Shanghai Jiazhen Investment Center (Limited Partnership) (上海嘉稹投資中心(有限合夥)), Shenzhen Guangliang Qixin Investment Management Enterprise (Limited Partnership) (深圳光量啟新投資管理企業(有限合夥)), Shenzhen Guangliang Xingchen Venture Capital Enterprise (Limited Partnership) (深圳光量星辰創業投資企業(有限合夥)), Photon Venture Capital LP, Yeed Holdings, TASLY PHARMACEUTICAL GROUP CO., LTD. (天士力醫藥集團股份有限公司), INNO WEALTH HOLDINGS GROUP LIMITED (創富控股集團有限公司), KTB China Synergy Fund, Hangzhou Kaitai Minde Investment Partnership (Limited Partnership) (杭州凱泰民德投資合夥企業(有限合夥)) and Quanzhou Dingwo (LP), NEW SPECTRUM LIMITED, JT International Capital Management Limited, Danqing Bioteus Investment Limited, Summer Ample Holdings Limited, LAV Biosciences Fund V, L.P., Orchids Limited, EASY PATH VENTURES LIMITED (易途創投有限公司), Sunshine Medical Limited and Violet Springs International Ltd. Our broad and diverse base of Pre-IPO Investors consist of Sophisticated Investors. For further details of the identity and background of the Pre-IPO Investors, and the principal terms of the Pre-IPO Investments, see "History, Reorganization and Corporate Structure — Pre-IPO Investments" in this Prospectus.

CONTRACTUAL ARRANGEMENTS

We engage in discovering, developing and commercializing innovative cell therapies for the treatment of hematological malignancies and solid tumors in China through our Consolidated Affiliated Entities. The development and application of gene therapeutic technologies and products fall into the scope of the "prohibited" category of the relevant PRC laws and regulations. Since PRC laws prohibit foreign equity ownership in gene therapeutic technologies and products in China, we do not directly or indirectly hold any equity interest in our Consolidated Affiliated Entities. Instead, we decided that, in line with common practice in industries subject to foreign investment restrictions in the PRC, we would gain effective control over, and receive all of the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entities through the Contractual Arrangements between CARsgen Life Sciences, on the one hand, and our Consolidated Affiliated Entities and the Registered

Shareholders, on the other hand. The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements after completion of the Reorganization:



"_____" Denotes legal and beneficial ownership in the equity interest

"_ __ _" Denotes the Contractual Arrangements

Notes:

(1) As of the Latest Practicable Date, CARsgen Life Sciences is wholly-owned by CARsgen Pharma Holdings Limited, which is in turn wholly-owned by our Company.

(2) As of the Latest Practicable Date, our Consolidated Affiliated Entities include CARsgen Therapeutics and CARsgen Pharmaceuticals, CARsgen Pharmaceuticals is wholly-owned by CARsgen Therapeutics, which is in turn wholly-owned by the Corporate Registered Shareholder, which is in turn owned by the Individual Registered Shareholders, namely as to 69% by Dr. Li, 10.2% by Mr. Guo Bingsen, 10% by Dr. Wang, 10% by Mr. Guo Huaqing and 0.8% by Mr. Chen.

(3) CARsgen Life Sciences provides technology consultation services in exchange for service fees from CARsgen Therapeutics. See "Contractual Arrangements — Exclusive Business Cooperation Agreements".

(4) The Corporate Registered Shareholder executed the Corporate Exclusive Option Agreement (as defined below) in favour of CARsgen Life Sciences for the acquisition of 100% equity interests and/or assets in CARsgen Therapeutics. See "Contractual Arrangements — Exclusive Option Agreements". The Individual Registered Shareholders in turn executed the Individual Exclusive Option Agreement (as defined below) in favour of CARsgen Life Sciences for the acquisition of 100% equity interests and/or assets in the Corporate Registered Shareholder.

The Corporate Registered Shareholder pledged as first charge all of its equity interests in CARsgen Therapeutics to CARsgen Life Sciences as security for its and CARsgen Therapeutics' performance under the Exclusive Business Cooperation Agreements (as defined below), the Corporate Exclusive Option Agreement (as defined below), the Corporate Share Pledge Agreement (as defined below) and the Corporate Powers of Attorney (as defined below), as applicable. The Individual Registered Shareholders in turn pledged as first charge all of their respective equity interests in the Corporate Registered Shareholder to CARsgen Life Sciences as security for their respective performance and the performance of the Corporate Registered Shareholder and CARsgen Therapeutics under the Exclusive Business Cooperation Agreement, Exclusive Option Agreements, Powers of Attorney, Share Pledge Agreements (as applicable). See "Contractual Arrangements — Share Pledge Agreements".

The Corporate Registered Shareholder executed the Corporate Powers of Attorney in favour of CARsgen Life Sciences. The Individual Registered Shareholders in turn executed the Powers of Attorney in favour of CARsgen Life Sciences in respect of their respective rights as shareholders of the Corporate Registered Shareholder.

For the risks relating to the Contractual Arrangements, see the section headed "Risk Factors — Risks Relating to Contractual Arrangements" in this Prospectus for further details.

SUMMARY OF KEY FINANCIAL INFORMATION

The summary historical financial information set forth below has been derived from and should be read in conjunction with our consolidated audited financial information, including the accompanying notes set forth in the Accountant's Report included in Appendix I to this Prospectus, as well as the information in "Financial Information" included in this Prospectus. Our financial information was prepared in accordance with IFRS.

Summary of Our Consolidated Statement of Comprehensive Loss

The table below sets forth our consolidated statements of comprehensive loss for the periods indicated derived from our consolidated statements of comprehensive loss set out in the Accountant's Report included in Appendix I to this Prospectus. The research and development expenses attributable to the Core Product Candidate for the year ended December 31, 2019 and December 31, 2020 were RMB29.4 million and RMB59.4 million, respectively.

	Year ended December 31,	
	2019	**2020**
	(RMB in thousands)	
Research and development expenses	(210,201)	(281,752)
Administrative expenses	(32,004)	(76,893)
Other income	13,328	9,977
Other gains – net	1,477	21,623
Operating loss	**(227,400)**	**(327,045)**
Finance income	1,429	763
Finance costs	(887)	(13,480)
Finance income/(costs) – net	542	(12,717)
Fair value loss of financial instruments issued to investors	(38,275)	(724,287)
Loss before income tax	**(265,133)**	**(1,064,049)**
Income tax expense	–	–
Loss for the year and attribute to the equity holders of the Company	**(265,133)**	**(1,064,049)**

Our research and development expenses increased from 2019 to 2020 which is in line with our expansion of our clinical programs. For detailed reasons, see "Financial Information — Period-to-Period Comparison of Results of Operations — Year ended December 31, 2020 compared to Year ended December 31, 2019 — Research and Development Expenses." We expect our research and development expenses to continue to increase for the year ending December 31, 2021 and for the foreseeable future as our development programs progress, as we continue to support the clinical trials of our product candidates and as we move those product candidates into further clinical trials for additional indications and as potential earlier lines of treatment options.

We currently have no product approved for commercial sale and have not generated any revenue from product sales. We have incurred operating losses during the Track Record Period. Our operating loss was RMB227.4 million and RMB327.0 million for the years ended December 31, 2019 and 2020, respectively. Substantially all of our operating loss resulted from research and development expenses and administrative expenses. We also incurred fair value loss of financial instruments issued to investor due to changes in fair value of the preferred shares and convertible loans issued by us, which was RMB38.3 million and RMB724.3 million for the years ended December 31, 2019 and 2020, respectively. As of December 31, 2020, the outstanding convertible loans had been fully converted in convertible redeemable preferred shares. While the fair value loss of financial instruments issued to investors has

adversely impacted our financial position during the Track Record Period, the financial instruments will be automatically converted into Shares upon Listing, after which we do not expect to recognize any further loss or gain on fair value changes from the convertible redeemable preferred shares. For more information, please see Note 28 on convertible redeemable preferred shares in the Accountant's Report set out in Appendix I to this Prospectus.

We expect to incur significant expenses, in particular increasing research and development expenses and administrative expenses, and operating losses for at least the next several years as we further our pre-clinical research and development efforts, continue the clinical development of, and seek regulatory approval for, our product candidates, launch commercialization of our pipeline products, and add personnel necessary to operate our business. Subsequent to the Listing we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our product candidates, regulatory approval timeline and commercialization of our product candidates after approval.

Summary of Our Consolidated Balance Sheets

The table below sets forth selected information from our consolidated balance sheets as of the date indicated, which have been derived from the Accountant's Report set out in Appendix I to this Prospectus. For the breakdown of the Company's current and non-current assets and liabilities, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position."

	As of December 31,	
	2019	**2020**
	(RMB in thousands)	
Total non-current assets	210,811	198,056
Total current assets	115,000	1,055,795
Total assets	**325,811**	**1,253,851**
Total current liabilities	1,021,370	145,231
Net current (liabilities)/assets	**(906,370)**	**910,564**
Total non-current liabilities	37,045	2,784,748
Total liabilities	**1,058,415**	**2,929,979**
Net liabilities	**(732,604)**	**(1,676,128)**
Equity		
Share capital	–	–
Reserves	26,150	146,675
Accumulated losses	(758,754)	(1,822,803)
Total equity in deficit	**(732,604)**	**(1,676,128)**

We changed from net current liabilities of RMB906.4 million as of December 31, 2019 to net current assets of RMB910.6 million as of December 31, 2020, primarily attributable to (i) an increase in cash and cash equivalents of RMB946.5 million from RMB96.5 million as of December 31, 2019 to RMB1,043.0 million as of December 31, 2020, mainly as a result of our issuance of Series C1 and Series C2 Preferred Shares in 2020; and (ii) a decrease of the current portion of the financial instruments issued to investors by RMB937.4 million from RMB937.4 million as of December 31, 2019 to nil as of December 31, 2020, primarily due to the modification of terms on redemption right of Series A, Series B and Series Pre-C Preferred Shares upon the issuance of Series C1 Preferred Shares in 2020 and the corresponding reclassification of such balances from current liabilities to non-current liabilities. We had net current liabilities of RMB906.4 million as of December 31, 2019 due to the total current liabilities of RMB1,021.4 million as of December 31, 2019, primarily attributable to the large balance of convertible redeemable preferred shares of RMB937.4 million being classified as current liabilities.

As of December 31, 2019 and 2020, we had total equity in deficit of RMB732.6 million and RMB1,676.1 million, respectively. Such increase was primarily attributable to our issuance of financial instruments, including our Series C1 and Series C2 Preferred Shares, to investors in 2020. The Preferred Shares will automatically convert into Shares upon the Listing and thereby we will have a net asset position rather than a net liability position, at which time we expect to record them as equity and do not expect to recognize any further loss or gain on our consolidated statements of profit or loss. For risks relating to the fair value changes in our financial instruments, see "Risk Factors — Risks Relating to Our Limited Operating History, Our Financial Position and our Need for Additional Capital — Our results of operations, financial condition and prospects may be adversely affected by fair value changes in our financial instruments issued to investors." We plan to improve our financial position through commercializing our product candidates upon approval. For more details, see "Future Plans and Use of Proceeds."

Summary of Our Consolidated Statements of Cash Flows

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

	For the year ended December 31,	
	2019	**2020**
	(in RMB thousands)	
Cash used in operating activities before changes in working capital	(207,717)	(309,364)
Changes in working capital	27,284	13,451
Interest received	1,429	763
Net cash used in operating activities	(179,004)	(295,150)
Net cash generated from/(used in) investing activities	82,985	(6,897)
Net cash generated from financing activities	27,527	1,302,473
Net (decrease)/increase in cash and cash equivalents	(68,492)	1,000,426
Cash and cash equivalents on January 1	163,553	96,476
Exchange gain/(loss) on cash and cash equivalents	1,415	(53,933)
Cash and cash equivalents on December 31	**96,476**	**1,042,969**

Our primary uses of cash are to fund the development of our product candidates, our clinical trials, construction of research and manufacturing facilities, and for the purchase of equipment and administrative expenses. Our net cash used in operating activities was RMB179.0 million and RMB295.2 million in 2019 and 2020, respectively, primarily due to the significant research and development expenses and administrative expenses we incurred during the Track Record Period. During the Track Record Period, we relied on financing in the form of preference shares and convertible loans as the major sources of liquidity. Our management closely monitors the use of cash and cash balances and has maintained a healthy liquidity for our operations. We are currently a pre-revenue and pre-income company. We believe our pipeline products have promising global market potential in the future. We intend to continue investing in our research and development efforts and aim to obtain marketing approval for our product candidates as soon as feasible. As we launch and commercialize our product candidates, we expect to generate operating income and improve our net operating cash outflow position.

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and bank balances and the estimated net proceeds from the Listing, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, selling and distribution expenses, and administrative expenses for at least the next 12 months from the expected date of this Prospectus. Our cash burn rate refers to the average monthly amount of cash operating costs, payment for property, plant and equipment, payment for intangible assets, and lease payments. We had cash and cash equivalents of RMB1,043.0 million as of December 31, 2020. We estimate that we will receive net proceeds of approximately HK$2,795 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option

is exercised and assuming an Offer Price of HK$31.20 per Offer Share, being the mid-point of the indicative Offer Price range in this Prospectus. Assuming an average cash burn rate going forward of 2.5 times the level in 2020, we estimate that our cash and cash equivalents as of December 31, 2020 will be able to maintain our financial viability for 16 months from December 31, 2020, or 19 months if we also take into account 9% of the estimated net proceeds from the Listing allocated for working capital and other general corporate purposes.

Key Financial Ratios

The following table sets forth the current ratio of our Group as of the dates indicated.

	As of December 31,	
	2019	**2020**
Current ratio[(1)]	0.1	7.3

Note:

(1) Current ratio is calculated using total current assets divided by total current liabilities.

The increase in current ratio was primarily due to the increase of cash and cash equivalents. The increase in cash and cash equivalents in 2020 was primarily attributable to net cash from financing activities of RMB1,302.5 million.

GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 94,747,000 new Shares are issued pursuant to the Global Offering; and (ii) the Over-allotment Option is not exercised.

	Based on an Offer Price of HK$29.60	**Based on an Offer Price of HK$32.80**
Market capitalization of our Shares[(1)]	16,793 million	18,609 million
Unaudited pro forma adjusted net tangible asset per Share[(2)]	7.21	7.74

Notes:

(1) The calculation of market capitalization is based on the assumption that 567,346,696 Shares will be in issue and outstanding immediately following the completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset attributable to the equity holder of our Company per Share is based on the consolidated balance sheets as of December 31, 2020. For further details, see "Financial Information" in this Prospectus.

(3) No adjustment has been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2020. In particular, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company does not take into account the 2,984,444 Series C+ Preferred Shares of US$10,000,000 (equivalent to approximately RMB64,536,000) issued on January 25, 2021. Had such issue of Series C+ Preferred Shares been taken into account, the unaudited pro forma adjusted net tangible assets per Share would be HK$7.31 and HK$7.84, assuming the Offer Price range of HK$29.60 per Share and HK$32.80 per Share respectively and on the basis that 547,723,174 shares (including the completion of the conversion of the preferred shares into ordinary shares as mentioned above) were in issue assuming that the Global Offering had been completed on December 31, 2020 without taking into account of any Shares which may be issued upon the exercise of the Over-Allotment Option, any Shares which may be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-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.

DIVIDEND

We have never declared or paid regular cash dividends on our Shares. We currently expect to retain all future earnings for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our Memorandum and Articles and the Cayman Companies Act. The declaration and payment of any dividends in the future will be determined by our Board of Directors, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. In addition, our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our Cayman counsel, under the Cayman Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. In light of our accumulated losses as disclosed in this Prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. We may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year.

If we pay dividends in the future, in order for us to distribute dividends to our Shareholders, we will rely to some extent on any dividends distributed by our PRC, U.S. and Irish subsidiaries. Any dividend distributions from our PRC, U.S. and Irish subsidiaries to us will be subject to withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. See "Risk Factors — Risks Relating to Doing Business in China."

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$2,795 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$31.20 per Offer Share, being the mid-point of the indicative Offer Price range of HK$29.60 to HK$32.80 per Offer Share in this Prospectus. We intend to use the net proceeds we will receive from this Offering for the following purposes:

Allocation of the estimated net proceeds	Proposed main purposes
30%, or HK$838.5 million (equivalent to approximately US$108.0 million)	Fund further development of our Core Product Candidate, BCMA CAR-T (CT053);
31%, or HK$866.4 million (equivalent to approximately US$111.6 million)	Fund ongoing and planned research and development of our other pipeline product candidates;
20%, or HK$559.0 million (equivalent to approximately US$72.0 million)	Develop full-scale manufacturing and commercialization capabilities;
10%, or HK$279.5 million (equivalent to approximately US$36.0 million)	Continue upgrading of CAR-T technologies and early-stage research and development activities; and
9%, or HK$251.6 million (equivalent to approximately US$32.4 million)	Working capital and other general corporate purposes.

For further details, see "Future Plans and Use of Proceeds" in this Prospectus.

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. For further details about these risks, please see the section headed "Risk Factors" in this Prospectus. Some of the major risks we face include:

- We have a limited operating history, which may make it difficult to evaluate our current business to date and to 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 have not generated any revenue, and our ability to generate revenue from future sales of our product candidates and become profitable depends significantly on our success in a number of factors, including curbing the high cost associated with CAR-T cell therapies.
- Our near-term ability to generate revenue is dependent on the success of our product candidates that are in clinical development, each of which requires additional clinical testing before we can seek regulatory approval and begin commercial sales.
- We have incurred significant net losses since our inception, and we anticipate that we will continue to incur net losses for the foreseeable future and may not achieve or maintain profitability.
- We depend substantially on the success of our product candidates, all of which are in pre-clinical or clinical development. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.
- The manufacturing process of our cell-based products is highly complex, and our business could be materially and adversely affected if we encounter problems in manufacturing our product candidates or fail to comply with regulatory requirements.
- We operate in a rapidly changing industry and we face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.
- Clinical development of biopharmaceutical products involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and early clinical trials may not be predictive of final trial results and may be subject to adjustments. All of the clinical results of our product candidates described in this Prospectus are interim data.
- If we encounter delays or difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.
- If clinical trials of our product 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 product candidates.
- Our product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, limit their commercial potential, or result in significant negative consequences.

LISTING EXPENSES

Listing expenses mainly comprise legal and other professional fees paid and payable to the professional parties, commissions payable to the Underwriters, and printing and other expenses for their services rendered in relation to the Listing and the Global Offering. Listing expenses for the Global Offering are estimated to be approximately HK$161.2 million (including underwriting commission, assuming an Offer Price of HK$31.20 per Share, being the mid-point of the indicative Offer Price range of HK$29.60 to HK$32.80 per Share), which represents approximately 5.5% of the gross proceeds we expect to receive from this Global Offering assuming no Shares are issued pursuant to the Over-allotment Option. No such expenses were recognized and charged to our consolidated statements of comprehensive loss for the year ended December 31, 2019, and RMB4.3 million (equivalent to HK$5.2 million) was recognized and charged to our consolidated statements of comprehensive loss for the year ended December 31, 2020. After December 31, 2020, approximately HK$38.5 million is expected to be charged

to our consolidated statements of comprehensive loss, and approximately HK$117.5 million is expected to be charged against 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

As we further our pre-clinical research and development efforts, continue to support the clinical trials of our product candidates and conduct further clinical trials to expand indications for our product candidates and to assess them as potential earlier lines of treatment options, we expect our research and development expenses and administrative expenses to continue to increase for the year ending December 31, 2021. As we have no product approved for commercial sale and therefore have not generated any revenue, we expect to incur significant operating losses in the year ending December 31, 2021. We also expect to recognize significant losses from the fair value changes of the financial instruments issued to investors, which are designated as financial liabilities, after December 31, 2020 to the Listing Date, primarily attributable to the increase in our Company's valuation, which is derived from the valuation for the proposed Global Offering, as compared to the valuation of previous financing rounds. After the automatic conversion of the financial instruments into Shares upon the Listing, which will result in a net asset position, we do not expect to recognize any further loss or gain on fair value changes from the financial instruments post the Listing. For additional information on risks associated with our financial position, see "Risk Factors — Risks Relating to Our Limited Operating History, Our Financial Position, and Our Need for Additional Capital."

Series C+ Financing and Pre-IPO Investment by Violet Springs International Ltd and NVMB XIII Holdings Limited

On January 15, 2021, we entered into the Series C+ Preferred Share Purchase Agreement with NVMB XIII Holdings Limited ("**NVMB XIII**"), pursuant to which NVMB XIII agreed to subscribe for an aggregate of 2,984,444 Series C+ Preferred Shares issued by us at a subscription price of US$3.35 per Series C+ Preferred Share for the consideration of US$10 million, which was fully settled on January 25, 2021. NVMB XIII is ultimately managed and controlled by Hillhouse Capital Management, Ltd.

On January 14, 2021, our Company, China Medmaterial and Violet Springs International Ltd ("**Violet Springs**") entered into a share purchase agreement pursuant to which Violet Springs agreed to purchase 2,000,000 Series A Preferred Shares at a purchase price of US$2.62 per Series A Preferred Share from China Medmaterial for the consideration of US$5,235,400, which was fully settled on January 22, 2021.

On January 15, 2021, our Company, China Medmaterial and NVMB XIII entered into a share purchase agreement pursuant to which NVMB XIII agreed to purchase 7,640,178 Series A Preferred Shares at a purchase price of US$2.62 per Series A Preferred Share from China Medmaterial for the consideration of US$20 million, which was fully settled on January 22, 2021.

For additional information, see "History, Reorganization and Corporate Structure — Pre-IPO Investments — 5. Pre-IPO Investment by Violet Springs International Ltd and NVMB XIII Holdings Limited."

Impact of the COVID-19 Outbreak

Since the end of December 2019, the outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. Since the second quarter of 2020 and as of the Latest Practicable Date, all of our employees in China had resumed normal operations. Since the second half of 2020 and as of the Latest Practicable Date, substantially all of our employees in the United States had resumed normal operations. Despite the substantial number of reported COVID-19 cases in the United States, we were able to maintain operations by taking measures that the management deemed necessary to ensure the high standards of workplace safety. There has not been any material disruption of our ongoing clinical trials. We have not experienced and currently do not expect any material delays in regulatory affairs with respect to our clinical trials or any long-term impact on our operation or deviation from our overall development plans due to the COVID-19 pandemic. We had not experienced any material disruption or shortage of supplies since the outbreak of COVID-19. As of the Latest Practicable Date, there was no suspected or confirmed active COVID-19 cases on our premises or among our employees in China or in the United States. See "Financial Information — Recent Development and

No Material Adverse Change." It is uncertain when and whether COVID-19 could be contained globally. We plan to continue implementing our remedial measures and may implement additional measures as necessary to ease the impact of the COVID-19 outbreak on our operations. However, we cannot guarantee you that the COVID-19 pandemic will not further escalate or have a material adverse effect on our results of operations, financial position or prospects. See "Risk Factors — Risks relating to Our General Operations — Our business operations have been adversely affected by the COVID-19 outbreak, may in the future continue to be affected by the COVID-19 outbreak, and may be affected by other health epidemics or outbreaks of contagious diseases" in this Prospectus.

U.S. — China Relationship

We had not experienced any material impact on our operations in China or in the United States arising from the U.S.-China tension in the Track Record Period and up to the Latest Practicable Date. In addition, our Directors are not aware of any on-going trade-related disputes between the United States and China, any new sanctions imposed by the United States or any countermeasures imposed by China, or any expected changes in the U.S.-China policies which may materially and adversely affect our business operations and prospects. See "Financial Information — Recent Development and No Material Adverse Change." We cannot guarantee, however, that the U.S. — China tension will not escalate which may have a material adverse effect on our results of operations. For additional information, see "Risk Factors — Risks Relating to Doing Business in China — Changes in international trade or investment policies and barriers to trade or investment, the ongoing conflict and trade tension between the United States and China may have an adverse effect on our business and expansion plans."

No Material Adverse Change

Save as otherwise disclosed above, our Directors confirm that, as of the date of this Prospectus, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since December 31, 2020, the end of the period reported on in the Accountant's Report set out in Appendix I to this Prospectus. We expect our cost structure to evolve as we continue to develop and expand our business. Our current research and development activities mainly relate to the pre-clinical studies and the clinical advancement of our product candidates. We expect our research and development expenses to continue to increase as our development programs progress, as we continue to support the clinical trials of our product candidates and as we move those product candidates into further clinical trials for additional indications and as potential earlier lines of treatment options. We also expect our administrative expenses to increase in the coming years to support our growing operations, expanding product development efforts and potential commercialization activities with respect to our product candidates when they are approved. In addition, we anticipate increasing legal, compliance, accounting, insurance, and investor and public relations expenses associated with being a public company in Hong Kong. Therefore, based on the assumptions made by and information currently available to our management, we currently expect our losses to continue to increase in 2021 and 2022 compared to 2020.

In this Prospectus, unless the context otherwise requires, the following expressions shall have the following meanings. Certain other terms are defined in the section headed "Glossary of Technical Terms" in this Prospectus.

"2019 Equity Incentive Plan"	the equity incentive plan of our Company as adopted by way of written resolutions of the Board on January 22, 2019, the principal terms of which are set out in the section headed "Statutory and General Information — D. 2019 Equity Incentive Plan" in this Prospectus
"2019 Equity Incentive Plan Trustee"	KASTLE LIMITED (嘉士圖有限公司), which was appointed as the trustee of the 2019 Equity Incentive Plan on December 31, 2020
"Accure Biotech"	Accure Biotech Limited, a company incorporated in the BVI with limited liability on March 26, 2018 and wholly-owned by Mr. Chen, and one of the Controlling Shareholders
"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company adopted by special resolution passed on May 21 2021 with effect from Listing, a summary of which is set out in the section headed "Summary of the Constitution of Our Company and Cayman Islands Company Law" in this Prospectus
"associate"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board of Directors", "Board" or "our Board"	our board of Directors
"Business Day"	any day (other than a Saturday, Sunday or public holiday) in Hong Kong on which banks in Hong Kong are open generally for normal banking business
"BVI"	the British Virgin Islands

"Candock Holdings"	Candock Holdings Limited, a company incorporated in the BVI with limited liability on July 17, 2017 and wholly-owned by Mr. Guo Huaqing, and one of the Controlling Shareholders
"CARsgen Diagnostics"	CARsgen Diagnostics Co., Ltd. (上海愷興診斷技術有限公司), a company incorporated in the PRC on November 23, 2020 and an indirectly wholly-owned subsidiary of our Company
"CARsgen Life Sciences"	CARsgen Life Sciences Co., Ltd (愷興生命科技(上海)有限公司), a wholly foreign-owned enterprise incorporated in the PRC on March 22, 2018 and an indirectly wholly-owned subsidiary of our Company
"CARsgen Pharmaceuticals"	CARsgen Pharmaceuticals Co., Ltd (上海科濟製藥有限公司), a company incorporated in the PRC with limited liability on November 15, 2017 and wholly-owned by CARsgen Therapeutics
"CARsgen Therapeutics"	CARsgen Therapeutics Co., Ltd (科濟生物醫藥(上海)有限公司), a company incorporated in the PRC with limited liability on October 30, 2014, and one of our Consolidated Affiliated Entities
"CART Biotech"	CART Biotech Limited, a company incorporated in the BVI with limited liability on July 17, 2017 and wholly-owned by Dr. Li, and one of the Controlling Shareholders
"Cayman Islands Company Law" or "Cayman Companies Act"	the Companies Act (As Revised) of the Cayman Islands, Cap. 22 (Law 3 of 1961), as amended or supplemented or otherwise modified from time to time
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Broker Participant"	a person admitted to participate in CCASS as a broker participant
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

"CCASS EIPO"	the application for the 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 through causing HKSCC Nominees to apply on your behalf, including by (i) instructing 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, or (ii) if you are an existing CCASS Investor Participant, giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System (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 CCASS Investor Participants through HKSCC's Customer Service Centre by completing an input request
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Broker Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China, which for the purpose of this Prospectus and for geographical reference only, excludes Hong Kong, Macao and Taiwan
"China Medmaterial"	China Medmaterial Limited (鴻創醫學有限公司), a limited liability company incorporated in Hong Kong on September 10, 2012, and one of our Pre-IPO Investors
"Companies Ordinance"	the Companies Ordinance (Cap. 622), 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 (Cap. 32), as amended, supplemented or otherwise modified from time to time

"Company", "our Company" or "the Company"	CARsgen Therapeutics Holdings Limited (科濟藥業控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on February 9, 2018
"Compliance Adviser"	Guotai Junan Capital Limited
"Concert Party Agreement"	the concert party agreement dated February 22, 2021 entered into between Dr. Li, Mr. Guo Bingsen, Dr. Wang, Mr. Guo Huaqing, Mr. Chen, CART Biotech, Redelle Holding, He Xi Holdings, Candock Holdings, Accure Biotech, YIJIE Biotech (BVI), Ms. Yang Xuehong (楊雪虹), Yeed Holdings, Ms. Guo Xiaojing (郭小靖) and Quanzhou Dingwo (LP)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely CARsgen Therapeutics and its wholly-owned subsidiary, CARsgen Pharmaceuticals
"Contractual Arrangements"	the series of contractual arrangements entered into among CARsgen Life Sciences, CARsgen Therapeutics, the Corporate Registered Shareholder and the Individual Registered Shareholders details of which are described in the section headed "Contractual Arrangements" in this Prospectus
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Dr. Li, Mr. Guo Bingsen, Dr. Wang, Mr. Guo Huaqing, Mr. Chen, CART Biotech, Redelle Holding, He Xi Holdings, Candock Holdings, Accure Biotech, YIJIE Biotech (BVI), Ms. Yang Xuehong, Yeed Holdings, Ms. Guo Xiaojing and Quanzhou Dingwo (LP). See the section headed "Relationship with the Controlling Shareholders" in this Prospectus
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Core Product Candidate"	has the meaning ascribed to it in Chapter 18A of the Listing Rules and in this context, refers to CT053

"Corporate Governance Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
"Corporate Registered Shareholder"	YIJIE Biotech (Shanghai), being the registered shareholder of CARsgen Therapeutics
"Director(s)" or "our Director(s)"	the director(s) of our Company
"Dr. Li"	Dr. Li Zonghai (李宗海), our co-founder, executive Director, CEO, Chief Scientific Officer and one of the Controlling Shareholders
"Dr. Wang"	Dr. Wang Huamao (王華茂), our co-founder, executive Director, COO and one of the Controlling Shareholders
"FDA" or "U.S. FDA"	U.S. Food and Drug Administration
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider designated by our Company, Computershare Hong Kong Investor Services Limited
"Group", "our Group", "we", "us" or "our"	our Company, its subsidiaries and consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and consolidated affiliated entities, such subsidiaries and consolidated affiliated entities as if they were subsidiaries and consolidated affiliated entities of our Company at the relevant time
"He Xi Holdings"	He Xi Holdings Limited, a company incorporated in the BVI with limited liability on July 17, 2017 and wholly-owned by Dr. Wang, and one of the Controlling Shareholders
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Offer Shares"	9,475,000 Shares (subject to reallocation as described in the section headed "Structure of the Global Offering" in this Prospectus) being offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong, on the terms and subject to the conditions described in this Prospectus as further described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering" in this Prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the Hong Kong Underwriting Agreement
"Hong Kong Underwriting Agreement"	the Hong Kong underwriting agreement dated June 4, 2021 relating to the Hong Kong Public Offering entered into among our Company, LI ZONGHAI, CART BIOTECH LIMITED, YIJIE BIOTECH HOLDING LIMITED, Goldman Sachs (Asia) L.L.C., UBS AG Hong Kong Branch, UBS Securities Hong Kong Limited and the Hong Kong Underwriters as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement" in this Prospectus
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company or its subsidiaries, or any of their respective associates

"Individual Registered Shareholders"	Dr. Li, Mr. Guo Bingsen, Dr. Wang, Mr. Guo Huaqing and Mr. Chen, being the registered shareholders of the Corporate Registered Shareholder
"Industry Consultant" or "Frost & Sullivan"	Frost & Sullivan International Limited, our industry consultant
"International Offer Shares"	85,272,000 Shares (subject to reallocation and the exercise of the Over-allotment Option as described in the section headed "Structure of the Global Offering" in this Prospectus), which are the subject of the International Offering
"International Offering"	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from the registration requirements under the U.S. Securities Act, in each case on and subject to the terms and conditions of the International Underwriting Agreement, as further described in the section headed "Structure of the Global Offering" in this Prospectus
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering to be entered into by, among others, our Company and the International Underwriters on or about the Price Determination Date, as further described in the section headed "Underwriting" in this Prospectus
"Joint Bookrunners"	Goldman Sachs (Asia) L.L.C., UBS AG Hong Kong Branch, CLSA Limited and Credit Suisse (Hong Kong) Limited
"Joint Global Coordinators"	Goldman Sachs (Asia) L.L.C., UBS AG Hong Kong Branch, CLSA Limited and Credit Suisse (Hong Kong) Limited
"Joint Lead Managers"	Goldman Sachs (Asia) L.L.C., UBS AG Hong Kong Branch, CLSA Limited and Credit Suisse (Hong Kong) Limited

"Joint Sponsors"	Goldman Sachs (Asia) L.L.C. and UBS Securities Hong Kong Limited
"Latest Practicable Date"	May 29, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus before its publication
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"Listing Date"	the date expected to be on or about June 18, 2021 on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"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
"Macao"	the Macao Special Administrative Region of the People's Republic of China
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company adopted by special resolution passed on May 21, 2021 with effect from Listing, a summary of which is set out in the section headed "Summary of the Constitution of Our Company and Cayman Islands Company Law" in this Prospectus
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Chen"	Mr. Chen Haiou (陳海鷗), one of the Controlling Shareholders
"Mr. Guo Bingsen"	Mr. Guo Bingsen (郭炳森), our non-executive Director and one of the Controlling Shareholders

"Mr. Guo Huaqing"	Mr. Guo Huaqing (郭華清), our non-executive Director and one of the Controlling Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NMPA"	National Medical Products Administration (國家藥品監督管理局), the successor of the China Food and Drug Administration (國家食品藥品監督管理總局), or the CFDA, the State Food and Drug Administration (國家食品藥品監督管理局), or the SFDA and the State Drug Administration (國家藥品監督管理局), or the SDA
"Nomination Committee"	the nomination committee of the Board
"Offer Price"	the final Hong Kong dollar price per Offer Share (before brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which Shares are to be subscribed or purchased pursuant to the Global Offering, which will be not more than HK$29.60 and is expected to be not less than HK$32.80, to be determined as described in the section headed "Structure of the Global Offering — Pricing and Allocation" in this Prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, where relevant, with any Shares being issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option to be granted by our Company to the Joint Global Coordinators (on behalf of the International Underwriters) under the International Underwriting Agreement pursuant to which our Company may be required by the Joint Global Coordinators to allot and issue up to 14,212,000 additional Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering, at the Offer Price to, amongst others, cover over-allocations in the International Offering, details of which are described in the section headed "Structure of the Global Offering" in this Prospectus

"Post-IPO Share Option Scheme"	the post-IPO share option scheme adopted by our Company on April 30, 2021, the principal terms of which are set out in the section headed "Appendix V — Statutory and General Information" in this Prospectus
"Post-IPO RSU Scheme"	the post-IPO RSU scheme adopted by our Company on April 30, 2021, the principal terms of which are set out in the section headed "Appendix V — Statutory and General Information" in this Prospectus
"PRC Legal Adviser"	Global Law Office, the PRC legal adviser of our Company
"Preferred Share(s)"	convertible preferred share(s) in the share capital of our Company, including Series A Preferred Shares, Series B Preferred Shares, Series Pre-C Preferred Shares, Series C-1 Preferred Shares, Series C-2 Preferred Shares and Series C+ Preferred Shares
"Pre-IPO Investments"	the investment(s) in our Company undertaken by the Pre-IPO Investors pursuant to the relevant share purchase agreements and warrant agreements, further information on which is set forth in the section headed "History, Reorganization and Corporate Structure — Pre-IPO Investments" in this Prospectus

"Pre-IPO Investors"	the pre-IPO investors of our Company, namely China Medmaterial, Violet Springs International Ltd, NVMB XIII Holdings Limited, Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd (浙江佐力創新醫療投資管理有限公司), KTB China Platform Fund, KTBN Venture Fund No. 7, Hefei Kaitai Growth Investment Partnership (Limited Partnership) (合肥凱泰成長投資合夥企業(有限合夥)), Shanghai Jiazhen Investment Center (Limited Partnership) (上海嘉稹投資中心(有限合夥)), Shenzhen Guangliang Qixin Investment Management Enterprise (Limited Partnership) (深圳光量啟新投資管理企業(有限合夥)), Shenzhen Guangliang Xingchen Venture Capital Enterprise (Limited Partnership) (深圳光量星辰創業投資企業(有限合夥)), Photon Venture Capital LP, Yeed Holdings, TASLY PHARMACEUTICAL GROUP CO., LTD. (天士力醫藥集團股份有限公司), INNO WEALTH HOLDINGS GROUP LIMITED (創富控股集團有限公司), KTB China Synergy Fund, Hangzhou Kaitai Minde Investment Partnership (Limited Partnership) (杭州凱泰民德投資合夥企業(有限合夥)) and Quanzhou Dingwo (LP), NEW SPECTRUM LIMITED, JT International Capital Management Limited, Danqing Biotheus Investment Limited, Summer Ample Holdings Limited, LAV Biosciences Fund V, L.P., Orchids Limited, EASY PATH VENTURES LIMITED (易途創投有限公司) and Sunshine Medical Limited
"Price Determination Date"	the date on which the Offer Price is to be determined
"Principal Share Registrar"	Maples Fund Services (Cayman) Limited
"Prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Quanzhou Dingwo (LP)"	Quanzhou Dingwo Chuangfeng Investment Center (Limited Partnership) (泉州市鼎沃創豐投資中心(有限合夥)), a limited partnership established under the laws of the PRC on October 15, 2015, and one of our Controlling Shareholders

"Redelle Holding"	Redelle Holding Limited, a company incorporated in the BVI with limited liability on July 17, 2017 and wholly-owned by Mr. Guo Bingsen, and one of the Controlling Shareholders
"Registered Shareholders"	the Corporate Registered Shareholder and the Individual Registered Shareholders
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Reorganization"	the reorganization arrangements undertaken by our Group in preparation for the Listing, the details of which are set out in the section headed "History, Reorganization and Corporate Structure — Reorganization" in this Prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"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)
"Series A Preferred Share(s)"	the Series A convertible preferred shares of our Company with a par value of US$0.00000025 per share
"Series A Preferred Shareholder(s)"	holder(s) of Series A Preferred Shares of our Company, namely China Medmaterial, Violet Springs International Ltd, and NVMB XIII Holdings Limited
"Series B Preferred Share(s)"	the Series B convertible preferred shares of our Company with a par value of US$0.00000025 per share
"Series B Preferred Shareholder(s)"	holder(s) of Series B Preferred Shares of our Company, namely Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd (浙江佐力創新醫療投資管理有限公司), KTB China Platform Fund, KTBN Venture Fund No. 7, Hefei Kaitai Growth Investment Partnership (Limited Partnership) (合肥凱泰成長投資合夥企業(有限合夥)) and Shanghai Jiazhen Investment Center (Limited Partnership) (上海嘉稹投資中心(有限合夥))

"Series C Preferred Share(s)"	the Series C-1 Preferred Share(s) and the Series C-2 Preferred Share(s)
"Series C-1 Preferred Share(s)"	the Series C-1 convertible preferred shares of our Company with a par value of US$0.00000025 per share
"Series C-2 Preferred Share(s)"	the Series C-2 convertible preferred shares of our Company with a par value of US$0.00000025 per share
"Series C+ Preferred Share(s)"	the Series C+ convertible preferred shares of our Company with a par value of US$0.00000025 per share
"Series C-1 Preferred Shareholder(s)"	holder(s) of Series C-1 Preferred Shares of our Company, namely NEW SPECTRUM LIMITED, JT International Capital Management Limited and INNO WEALTH HOLDINGS GROUP LIMITED (創富控股集團有限公司)
"Series C-2 Preferred Shareholder(s)"	holder(s) of Series C-2 Preferred Shares of our Company, namely Danqing Biotheus Investment Limited, Summer Ample Holdings Limited, LAV Biosciences Fund V, L.P., Orchids Limited, EASY PATH VENTURES LIMITED (易途創投有限公司) and Sunshine Medical Limited
"Series C+ Preferred Shareholder"	holder of Series C+ Preferred Shares of our Company, namely NVMB XIII Holdings Limited
"Series Pre-C Preferred Share(s)"	the Series Pre-C convertible preferred shares of our Company with a par value of US$0.00000025 per share

"Series Pre-C Preferred Shareholder(s)"	holder(s) of Series Pre-C Preferred Shares of our Company, namely Shenzhen Guangliang Qixin Investment Management Enterprise (Limited Partnership) (深圳光量啟新投資管理企業(有限合夥)), Shenzhen Guangliang Xingchen Venture Capital Enterprise (Limited Partnership) (深圳光量星辰創業投資企業(有限合夥)), Photon Venture Capital LP, Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd (浙江佐力創新醫療投資管理有限公司), TASLY PHARMACEUTICAL GROUP CO., LTD. (天士力醫藥集團股份有限公司), INNO WEALTH HOLDINGS GROUP LIMITED (創富控股集團有限公司), KTB China Synergy Fund, Hangzhou Kaitai Minde Investment Partnership (Limited Partnership) (杭州凱泰民德投資合夥企業(有限合夥)) and Quanzhou Dingwo (LP) and Yeed Holdings
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Cap. 571), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.00000025 each
"Share Option(s)"	the share option(s) granted or to be granted pursuant to the terms and conditions of the 2019 Equity Incentive Plan
"Share Subdivision"	the subdivision of every issued Share of par value US$0.000001 each of our Company into four Shares of par value US$0.00000025 each effected on September 18, 2020, the details of which are described in "History, Reorganization and Corporate Structure — Reorganization — 8. Allotment of Shares to YIJIE Biotech (BVI) and Share Subdivision"
"Shareholder(s)"	holder(s) of Shares
"Sophisticated Investor(s)"	the Sophisticated Investors of our Company, namely LVC and Shiyu, and has the meaning ascribed to it under Guidance Letter HKEX-GL-92-18

"Stabilizing Manager"	Goldman Sachs (Asia) L.L.C.
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Track Record Period"	the periods comprising the years ended December 31, 2019 and 2020
"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, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended
"**White Form eIPO**"	the application for the Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Yeed Holdings"	Yeed Holdings Limited (儀德控股有限公司), a limited liability company established under the laws of BVI on July 7, 2019 wholly-owned by Ms. Yang Xuehong, and one of our Controlling Shareholders
"YIJIE Biotech (BVI)"	YIJIE Biotech Holding Limited (益傑生物技術控股有限公司), a limited liability company incorporated in the BVI on July 20, 2017, and one of our Controlling Shareholders

"YIJIE Biotech (Shanghai)"	YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司), a limited liability company incorporated in the PRC on May 9, 2011, and owned as to 69% by Dr. Li, 10.2% by Mr. Guo Bingsen, 10% by Dr. Wang, 10% by Mr. Guo Huaqing, and 0.8% by Mr. Chen
"%"	per cent

In this Prospectus:

- *Unless otherwise expressly stated or the context otherwise requires, all data in this Prospectus is as of the date of this Prospectus.*
- *Unless otherwise specified, all references to any shareholdings in our Company assume that the Over-allotment Option has not been exercised.*
- *The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this Prospectus are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.*

This glossary contains definition of certain terms used in this Prospectus in connection with us and our business. Some of these may not correspond to standard industry definitions.

"ADA"	anti-drug antibody, an antibody triggered by the use of a biological anti-cancer drug. ADA may affect the efficacy and safety of the drug
"ADCC"	antibody-dependent cell-mediated cytotoxicity, a mechanism of cell-mediated immune defense whereby an effector cell of the immune system actively lyses a target cell, whose membrane-surface antigens have been bound by specific antibodies
"AE" or "adverse event"	any untoward medical occurrences in a patient or clinical investigation subject who has been administered with a drug or other pharmaceutical product during clinical trials and which do not necessarily have a causal relationship with the treatment
"antigen"	the substance that is capable of stimulating an immune response, specifically activating lymphocytes, which are the body's infection-fighting white blood cells
"aplasia"	the defective development or cessation of the normal progression of cell generation
"ASH"	American society of hematology, an American hematology organization and the world's largest professional association of hematology.
"B-cell" or "B cell"	a type of white blood cell that differs from other types of lymphocytes by expressing B cell receptors on its surface, and responsible for producing antibodies
"BCMA"	B cell maturation antigen, a protein that is highly expressed in a number of hematologic malignancies
"BLA"	biologics license application
"CAR(s)"	chimeric antigen receptor(s)
"CAR-T" or "CAR T"	chimeric antigen receptor T cell

"CBER"	Center for Biologics Evaluation and Research, the institution within the U.S. FDA that regulates biological products for human use under applicable federal laws
"CD3"	a protein complex and T cell co-receptor that is involved in activating both the cytotoxic T cell and T helper cells
"CD4"	a protein and a member of the immunoglobulin supergene family and a co-receptor in MHC class II-restricted T cell activation
"CD8"	cell surface protein and a member of the immunoglobulin supergene family that is involved in the mediation of cell-cell interaction within the immune system
"CD19"	a cell surface protein expressed on the surface of almost all B cell leukemia and lymphoma
"CDC"	complement-dependent cytotoxicity, an effector function of IgG and IgM antibodies
"CDE"	Center for Drug Evaluation, an institution under the NMPA
"CDMO(s)"	contract development manufacturing organization(s), a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"CDRH"	Center for Devices and Radiological Health, the institution within the U.S. FDA that is responsible for overseeing medical devices and the radiation safety performance of non-medical devices which emit certain types of electromagnetic radiation
"cell transcriptome"	the gene expression level of individual cells
"(c)GMP"	(current) good manufacturing practices
"chemotherapy"	a category of cancer treatment that uses one or more anti-cancer chemotherapeutic agents as part of its standardized regimen

"CLDN18.2"	Claudin 18.2, an attractive target in the treatment of certain solid tumors such as gastric cancer, esophageal cancer and pancreatic cancer
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"cohort"	a group of patients as part of a clinical study who share a common characteristic or experience within a defined period and who are monitored over time
"combination therapy"	treatment in which a patient is given two or more therapeutic agents for a single disease
"CR"	complete response, the disappearance of all signs of cancer in response to treatment
"CRO(s)"	contract research organization(s), a company provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research and development services outsourced on a contract basis
"CRS"	cytokine release syndrome, a form of systemic inflammatory response syndrome that arises as a complication of some diseases or infections, and is also an adverse effect of some monoclonal antibody drugs, as well as adoptive T cell therapies
"CTA"	clinical trial application
"CycloCAR"	a next-generation CAR-T technology under development by the Company, which features co-expressesion of cytokines IL-7 and chemokine CCL21 in the CAR-T cells to potentially improve clinical efficacy and reduced requirement for lymphodepletion conditioning
"cytokine"	a broad and loose category of small proteins that are important in cell signaling. Their release has an effect on the behavior of cells around them
"cytotoxic"	toxic to living cells

"Declaration of Helsinki"	a policy statement of the World Medical Association, an international and independent confederation of free professional medical associations representing physicians worldwide, that sets forth ethical principals regarding medical research involving human subjects
"DLBCL"	Diffuse large B-cell lymphoma, a common type of non-Hodgkin's lymphoma that starts in lymphocytes
"DLT"	dose-limiting toxicity, a specified quantity of a therapeutic agent, such as a drug or medicine, prescribed to be taken at one time or at stated intervals
"DOR"	duration of response
"ECOG"	Eastern Cooperative Oncology Group, one of the first publicly funded cooperative groups to perform multi-center clinical trials for cancer research.
"EGFR"	epidermal growth factor receptor
"EGFRvIII"	variant III of epidermal growth factor receptor
"EMA"	European Medicines Agency
"EMD"	extramedullary disease
"EPO"	European Patent Office
"*ex vivo*"	outside of the living body
"first-line"	with respect to any disease, the first line therapy, which is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment of a given type and stage of cancer
"GCP"	good clinical practice
"GLP"	good laboratory practice
"GPC3"	Glypican-3, an oncofetal antigen expressed in a variety of tumors including certain liver and lung cancers
"Grade"	term used to refer to the severity of adverse events

"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes in predominantly cirrhotic liver
"Health Canada"	the department of the government of Canada with responsibility for national public health
"Hodgkin's lymphoma"	a type of cancer that starts from lymphocytes
"IIT" or "investigator-initiated trial"	clinical trial sponsored and conducted by independent investigators
"immunotherapy"	use of the immune system to treat disease
"immune checkpoint inhibitors"	molecule that release the natural brakes which exist to control an immune response
"*in vitro*"	studies are performed with microorganisms, cells, or biological molecules outside their normal biological context
"*in vivo*"	those in which the effects of various biological entities are tested on whole, living organisms or cells, usually animals, including humans, and plants, as opposed to a tissue extract or dead organism
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"kinase"	a type of enzyme that catalyze the transfer of phosphate groups from high-energy, phosphate-donating molecules to specific substrates. The protein kinases make up the majority of all kinases. Protein kinases act on proteins, phosphorylating them on their serine, threonine, tyrosine, or histidine residues. These kinases play a major role in protein and enzyme regulation as well as signaling in the cell
"KOL(s)"	key opinion leader(s)
"lymphocytes"	a sub-type of white blood cells, such as T cells, B cells and NK cells

"mAb" or "monoclonal antibody"	antibodies that are made by identical immune cells which are all clones belonging to a unique parent cell
"mesothelin"	cell-surface protein whose expression is mostly restricted to mesothelial cell layers lining the pleura, pericardium and peritoneum
"metastatic"	in reference to any disease, including cancer, disease producing organisms or of malignant or cancerous cell transferred to other parts of the body by way of the blood or lymphatic vessels or membranous surfaces
"MM"	multiple myeloma, a type of cancer that forms in the white blood cells
"MRD"	minimal residual disease, a sensitivity marker for prognostic indicator
"MTD"	maximum tolerated dose, the highest dose of a drug or treatment that does not cause unacceptable side effects
"monotherapy"	therapy that uses a single drug to treat a disease or condition
"NCCN"	National Comprehensive Cancer Network
"NDA"	new drug application
"NHL"	non-Hodgkin's lymphoma
"NK"	natural killer cell, the human body's first line of defense due to their innate ability to rapidly seek and destroy abnormal cells
"NRDL"	National Reimbursement Drug List
"neurotoxicity"	possible adverse side effect of T cell therapies that leads to a state of confusion, aphasia, encephalopathy, tremor, muscular weakness, and somnolence
"oncology"	a branch of medicine that deals with tumors, including study of their development, diagnosis, treatment and prevention

"ORR"	objective response rate
"OS"	overall survival
"PCT"	Patent Cooperation Treaty
"PD" or "pharmacodynamics"	pharmacodynamics, the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug
"PD-1"	programmed cell death protein 1 or programmed death receptor 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages. The normal function of PD-1 is to turn off the T cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer cell, the T cell turns off its ability to kill the cell
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that attaches to PD-1 on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"Phase I clinical trial"	a study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage, tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase Ib"	a phase of clinical trials where multiple ascending doses are tested on the participants to primarily assess safety, tolerability and PK/PD at different dose levels prior to commencement of Phase II clinical trial or Phase III clinical trial
"Phase II clinical trial"	a study in which a drug is administered to a limited patient population to identity possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the drug for specific targeted disease, and to determine dosage tolerance and optimal dosage

"pivotal trial"	the final controlled trial or study to demonstrate clinical efficacy and safety evidence required before submission for drug marketing approval
"PK" or "pharmacokinetics"	pharmacokinetics, the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
"PR"	partial response
"pre-clinical studies"	pre-clinical studies testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetics and safety information and to decide whether the drug is ready for clinical trials
"principal investigator"	the individual responsible for the conduct of a clinical study at a site
"progressive-free survival" or "PFS"	the length of time during and after the treatment of a disease, such as cancer, that a patient lives without tumor progression or death
"progressive disease"	cancer that is growing, spreading or becoming worse
"refractory"	disease that is resistant at the beginning of treatment or becomes resistant during treatment
"regenerative medicine advanced therapy" or "RMAT"	a special status granted by the FDA to regenerative medicine therapies, including cell therapies, intended to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug has the potential to address unmet medical needs for such disease or condition
"registrational trial"	large confirmatory studies meant to establish an acceptable benefit/safety profile in order to gain regulatory approval for a precisely defined indication
"relapsed"	the return of a disease or the signs and symptoms of a disease after a period of improvement
"RP2D"	recommended Phase II dose

"seamless 2-stage design in single protocol"	a clinical trial design that incorporates both dose selection and efficacy confirmation of a selected dose
"second-line" or "2L"	with respect to any disease, the therapy or therapies that are tried when the first-line (initial) treatments do not show adequate efficacy
"solid tumors"	an abnormal mass of tissue that usually does not contain cysts or liquid areas
"stable disease"	cancer that is neither decreasing nor increasing in extent or severity
"standard of care" or "SOC"	Treatment that is accepted by medical experts as a proper treatment for a certain type of disease and that is widely used by healthcare professionals
"T-cell" or "T cell"	a lymphocyte of a type produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T cell receptor on the cell surface
"THANK-uCAR"	the Company's proprietary technology to generate CAR-T cells with improved expansion and persistence from T cells that are sourced from third-party donors.
"third-line" or "3L"	with respect to any disease, the therapy or therapies that are tried when the second-line treatments do not show adequate efficacy
"TKI"	tyrosine kinase inhibitor, a pharmaceutical drug that inhibits tyrosine kinases
"toxicity"	the degree to which a substance or a mixture of substances can harm humans or animals
"treatment-related adverse event" or "TRAE"	undesirable events not present prior to medical treatment or an already present event that worsens in intensity or frequency following the treatment

"3+3 dose escalation design"	a rule-based dose escalation schedule that starts by allocating lowest dosage level to first cohort, then adaptively escalates or de-escalates based on observed DLTs, and repeats until MTD is obtained or when trial is stopped
"4-1 BB"	immune checkpoint that is expressed on T cells and NK cells

We have included in this Prospectus forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

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

In some cases, these forward-looking statements can be identified by words or phrases such as "aim," "anticipate," "believe," "continue," "could," "expect," "going forward," "intend," "is/are likely to," "may," "ought to," "plan," "potential," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions. These forward-looking statements include, among other things, statements relating to:

- our operations and business prospects;
- our financial condition, operating results and performance;
- industry trends and competition;
- our product candidates under development or planning
- our strategies and initiatives, business plans, objectives and goals;
- our ability to attract users and further enhance our brand recognition;
- the amount and nature of, and potential for, future development of our business;
- general political and economic conditions; and
- changes to regulatory and operating conditions in the markets in which we operate.

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

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

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

An investment in our Shares involves various risks. You should carefully consider all of the information set forth in this Prospectus, including the risks and uncertainties described below, before making an investment in our Shares. Specifically, we are a cell-therapy company primarily conducting research and development of CAR-T therapies. CAR-T therapies are considered to have significant risk in nature, as they represent emerging approaches to cancer treatment that face significant challenges and hurdles, in particular in the treatment of solid tumors, a therapeutic area where we focus on. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment.

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

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 limited operating history, our financial position and our need for additional capital; (ii) risks relating to our business, consisting of (a) risks relating to extensive government regulation, (b) risks relating to manufacturing of our product candidates, (c) risks relating to discovery, pre-clinical development and clinical development of our product candidates, (d) risks relating to commercialization of our product candidates, (e) risks relating to our intellectual property rights, and (f) risks relating to our reliance on third parties; (iii) risks relating to our general operations; (iv) risks relating to doing business in China; (v) risks relating to contractual arrangements and (vi) risks relating to the Global Offering.

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

RISKS RELATING TO OUR LIMITED OPERATING HISTORY, OUR FINANCIAL POSITION, AND OUR NEED FOR ADDITIONAL CAPITAL

We have a limited operating history, which may make it difficult to evaluate our current business to date and to 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 biopharmaceutical company that started operations in 2014. We primarily focus on developing products that use human T cells as therapeutic entities, with an aim to develop CAR-T cell therapies against various types of hematological malignancies and solid tumors. Treatment of solid tumors is a therapeutic area with significant unmet medical needs and represents significant challenges for CAR-T cell therapies due to difficulties in selecting solid tumor-associated targets and the adverse solid tumor microenvironment. As of the Latest Practicable Date, we had no cell-therapy products approved for commercial sale, and we had not generated any revenue from such products. Our limited operating history, particularly in light of the rapidly evolving cancer immunotherapy field, may make it difficult to evaluate our current business and predict our future performance. Our short history as an operating company makes any assessment of our future success or viability subject to significant uncertainty. We will encounter risks and difficulties frequently experienced by early-stage companies in rapidly evolving fields. If we do not address these risks successfully, our business will suffer, and accordingly these risks may cause potential investors to lose substantially all of their investment in our business.

We have incurred significant net losses since our inception, and we anticipate that we will continue to incur net losses for the foreseeable future and may not achieve or maintain profitability.

Investment in cell therapy and innovative biopharmaceuticals is highly unpredictable in terms of commercial success. It entails substantial upfront capital expenditures and significant risk that a product candidate will fail to gain regulatory approval or become commercially viable. We are not profitable and have incurred losses and net operating cash outflows in each period since our inception. For the years ended December 31, 2019 and 2020, we recorded losses of RMB265.1 million and RMB1,064.0 million, respectively. As of December 31, 2019 and 2020, we had an accumulated deficit attributable to owners of the Company of RMB732.6 million and RMB1,676.1 million, respectively. Substantially all of our operating losses have resulted from costs incurred in connection with our research and development programs and from administrative expenses associated with our operations. We expect to continue to incur losses for the foreseeable future, and we expect these losses to increase as we continue to expand our research and development of, and seek regulatory approvals for, our product candidates, to scale-up manufacturing capabilities, and to build up our commercialization and sales workforce in anticipation of the future roll-out of our product candidates.

Typically, it takes considerable time to develop a cell therapy product from the initial target and lead antibody discovery stage to when it is available for treating patients. The size of our future net losses will depend, in part, on the number and scope of our product development programs and the associated costs of those programs, the cost of commercializing any approved products, our ability to generate revenues, among others. To become and remain profitable, we must succeed in developing and eventually commercializing products that generate significant revenue. This will require us to be successful in a range of challenging activities, including completing pre-clinical studies and clinical trials of our product candidates, obtaining regulatory approval, manufacturing, marketing and selling any products for which we may obtain regulatory approval, as well as discovering and developing additional product candidates. We may never succeed in these activities and, even if we do, may never generate revenue that is significant enough to achieve profitability. For additional information, see "— We have not generated any revenue, and our ability to generate revenue from future sales of our product candidates and become profitable depends significantly on our success in a number of factors, including curbing the high cost associated with CAR-T cell therapies."

As a critical aspect of our strategy is to invest significantly in our technology platform to improve the efficacy and safety of our product candidates, in particular for treatment of solid tumors. Even if we succeed in commercializing one or more of these product candidates, we may continue to incur losses for the foreseeable future relating to our substantial research and development expenditures to develop our technologies. 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.

Moreover, we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. The size of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenue. Our prior losses and expected future losses have had and will continue to have an adverse effect on our shareholders' equity and working capital. Further, the net losses we incur may fluctuate significantly from year to year, such that a period to period comparison of our results of operations may not be a good indication of our future performance.

Because of the numerous risks and uncertainties associated with the research and development, manufacturing, delivery, and commercialization of complex cell therapies, we are unable to accurately predict the timing or amount of expenses or when, or if, we will be able to achieve profitability. Even if we achieve profitability, we may not be able to sustain or increase profitability on an ongoing basis. Our failure to become and remain profitable would depress the value of our Shares and could impair our ability to raise capital, expand our business, maintain our research and development efforts, commercialize our pipeline products as planned or continue our operations. A decline in the value of our Shares could also cause you to lose all or part of your investment.

We have not generated any revenue, and our ability to generate revenue from future sales of our product candidates and become profitable depends significantly on our success in a number of factors, including curbing the high cost associated with CAR-T cell therapies.

As of the Latest Practicable Date, none of our product candidates had been approved for commercial sale by any relevant regulatory authorities, and therefore we had not generated any revenue. Our ability to generate revenue and achieve profitability depends significantly on our success in many factors, including:

- completing non-clinical and clinical research and development of our product candidates;
- obtaining regulatory approvals and marketing authorizations for product candidates for which we have completed clinical trials for;
- developing a sustainable and scalable manufacturing process for our product candidates, including establishing and maintaining commercially viable supply relationships with third parties and establishing, maintaining and improving our own manufacturing capabilities and infrastructure;
- controlling the cost of production of our product candidates;
- launching and commercializing product candidates for which we obtain regulatory approvals and marketing authorizations;
- maintaining, protecting, expanding and enforcing our portfolio of intellectual property rights, including patents, trademarks, trade secrets, and know-how;
- obtaining market acceptance of our product candidates as viable treatment options to be paid as an out-of-pocket expense, and availability of adequate coverage, reimbursement, pricing by third-party payors and integrated delivery networks;
- addressing any competing technological and market developments;
- identifying, assessing, acquiring and/or developing new product candidates, intellectual property and technologies;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter; and
- attracting, hiring, and retaining qualified personnel.

Currently, the manufacturing and the treatment regimen of CAR-T cell therapies are relatively costly given the highly personalized nature of the treatment and the management of potential adverse events such as CRS, respectively, resulting in an average total treatment cost of approximately US$1.5 million and a direct cost of CAR-T cell therapy of approximately US$0.4 million per patient per therapy in the United States for the currently-approved CAR-T cell therapies, according to Frost & Sullivan. Such high treatment costs have contributed to the limited number of patients receiving CAR-T therapies to date and may negatively impact our ability to generate adequate revenue in the future. For our solutions to address the high cost associated with CAR-T cell therapies, see "Business — Our CAR-T Technologies — Our Solutions to Cytokine Release Syndrome and High Costs Associated with CAR-T Therapies — Cost of CAR-T cell therapies."

Even if one or more of the product candidates that we develop is approved for commercial sale, we anticipate incurring significant costs associated with commercializing any approved product candidate. Our expenses could increase beyond expectations if we are required by the NMPA, the U.S. FDA or other relevant regulatory authorities to change our manufacturing processes or assays, or to perform clinical, nonclinical, or other types of studies in addition to those we currently anticipate. If we are successful in obtaining regulatory approvals to market one or more of our product candidates, our revenue will be dependent, in part, upon the size of the market for the relevant product in China or other relevant jurisdictions, the accepted price for the product to be paid with out-of-pocket expenses and the ability to get reimbursement for any amount. If the number of patients with our addressable disease is not as significant as we estimate, the indication approved by regulatory authorities is narrower than we expect, or the reasonably accepted population for treatment is narrowed by competition, physician choice or treatment guidelines, we may not generate significant revenue from sales of such products, even if approved. If we are not able to generate revenue from the sale of any approved products, we may never become profitable.

Our near-term ability to generate revenue is dependent on the success of our product candidates that are in clinical development, each of which requires additional clinical testing before we can seek regulatory approval and begin commercial sales.

As of the Latest Practicable Date, we did not have any products that had gained regulatory approval for marketing. Our near-term ability to generate product revenue is highly dependent on our ability to obtain regulatory approval of and successfully commercialize our Core Product Candidate, CT053, as well as other product candidates, such as CT041, CT011 and CT032, in our pipeline. We cannot commercialize our product candidates in China or overseas without obtaining the required regulatory approvals for marketing. Before obtaining marketing approval from the NMPA, the U.S. FDA or other regulatory authorities for the sale of our product candidates, we must conduct extensive clinical trials to demonstrate, among others, the safety and efficacy of the product candidates in humans. We cannot be certain that any of our product candidates will be successful in clinical trials and, even if they are successful in clinical trials, they may not receive regulatory approval due to reasons we may not be able to

control. In addition, each of our product candidates currently undergoing clinical trials will require sufficient commercial manufacturing capacity and significant marketing efforts before we can generate any revenue from product sales.

In addition, since most of our product candidates currently evaluated in clinical trials are based on similar technology, such as the overall design of the CAR constructs, if any of our product candidates encounters safety or efficacy problems, development delays, regulatory issues, reagent supply issues, or other problems, our development plans for the affected product candidate and some or all of our other product candidates could be significantly harmed, which would have a material adverse effect on our business. Further, competitors who are developing products with similar foundational technology may experience safety or efficacy problems with their products, which may indicate similar problems affecting CAR-T therapies generally and hence our products. In addition, safety or efficacy issues associated with our competitors' CAR-T products could impact the overall recognition of CAR-T therapies which in turn would potentially harm our business.

We had net operating cash outflow during the Track Record Period.

We had net cash used in operating activities of RMB179.0 million and RMB295.2 million for the years ended December 31, 2019 and 2020, respectively. While we believe we have sufficient working capital to fund our current operations, we expect that we may continue to experience net cash outflows from our operating activities for the foreseeable future. If we are unable to maintain adequate working capital, we may default on our payment obligations and may not be able to meet our operating cash and capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

We incurred deficit during the Track Record Period and recorded net current liabilities for the year ended December 31, 2019, and may continue to have deficit going forward, which can expose us to liquidity risk.

We had a total deficit of RMB732.6 million and RMB1,676.1 million as of December 31, 2019 and 2020, respectively. A total deficit can expose us to the risk of shortfalls in liquidity. This in turn would require us to seek adequate financing from sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our prospects.

We incurred net current liabilities of RMB906.4 million as of December 31, 2019 and had net current assets of RMB910.6 million as of December 31, 2020, primarily attributable to (i) an increase in cash and cash equivalents of RMB946.5 million from RMB96.5 million as of December 31, 2019 to RMB1,043.0 million as of December 31, 2020, mainly as a result of our issuance of Series C1 and Series C2 Preferred Shares in 2020; and (ii) a decrease of the current portion of the financial instruments issued to investors by RMB937.4 million from RMB937.4 million as of December 31, 2019 to nil as of December 31, 2020, primarily due to the

modification of terms on redemption right of Series A, Series B and Series Pre-C Preferred Shares upon the issuance of Series C1 Preferred Shares in 2020 and the corresponding reclassification of such balances from current liabilities to non-current liabilities.

A net current liabilities or deficit position can expose us to the risk of shortfalls in liquidity. This in turn would require us to seek adequate financing from sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our prospects.

A large balance of indebtedness, whether from banks or related parties, may require that we devote our financial resources to servicing such debt rather than funding our operating activities and investments in research and development, which constrains our capital flexibility and may in turn adversely affect our product development timetable. It may also be a challenge for us to service our interest and principal repayments in a timely manner or at all, which could trigger cross-defaults with other debt, as applicable, as well as limit our ability to obtain further debt financing. Given our historical reliance on external financing, such developments could have a material adverse effect on our business, financial condition and results of operations. We also cannot guarantee that we will not incur net liabilities in the future. If we are to record net liabilities in the future, our liquidity, as well as our ability to raise funds, obtain bank loans, pay debts when they become due and declare and pay dividends may be adversely affected.

We may need to obtain additional financing to fund our operations and meet our operating cash and capital expenditure requirements. If we are unable to obtain such financing when needed on acceptable terms, or at all, we may be forced to delay, reduce or eliminate some or all of our research, development and commercialization efforts relating to our product candidates.

We believe our current cash and cash equivalents and the estimated net proceeds from the Global Offering will be sufficient to meet our anticipated cash needs for at least the next 12 months. 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 this estimate is based on assumptions that may prove to be wrong. We could exhaust our available capital resources sooner than that we currently expect. Our product candidates will require the completion of clinical development, regulatory review, manufacturing capabilities, significant marketing efforts and other substantial investments before they can generate product sales revenue. Our operations have consumed substantial amounts of cash since inception. Our operating activities used RMB179.0 million and RMB295.2 million of net cash during the years ended December 31, 2019 and 2020, respectively. We expect to continue to spend substantial amounts on product discovery, advancing the clinical development of our product candidates, and launching and commercializing any product candidates for which we receive regulatory approval. Our existing capital resources may not be sufficient to enable us to complete all development or commercially launch all of our current product candidates for the currently anticipated indications in our targeted markets and to invest in additional research and

development programs. Accordingly, we will likely require further funding through public or private offerings, debt financing, collaboration, and licensing arrangements or other sources. Our future funding requirements will depend on many factors, including, but not limited to:

- the progress, timing, scope, results 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 product candidates;
- our effective management of our CROs, CDMOs, and other collaboration partners and associated costs;
- the cost and timing of development and expansion of commercial-scale manufacturing activities in China and the United States;
- the number and characteristics of product candidates that we may develop;
- the cost of filing, prosecuting, defending and enforcing any patent claims or other intellectual property rights;
- selling and marketing costs associated with any future product 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;
- the effect of competing technological and market developments;
- general cash requirements of future development of technology platform, process and product candidates; and
- our headcount growth and associated costs.

Adequate additional funding may not be available to us on acceptable terms, or at all. If we are unable to raise capital when needed or on acceptable terms, we would be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts. Any inability to obtain additional funding when we need it at acceptable terms could result in a material and adverse effect on our business, financial condition, results of operations and prospects.

Raising additional capital may cause dilution to our shareholders, restrict our operations or, when licensing of intellectual property rights is deployed as a means of financing our operations, require us to relinquish rights to our technologies or product 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 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 licensing 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 product 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.

Share-based payment may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.

We adopted the 2019 Equity Incentive Plan, the Post-IPO Share Option Scheme and the Post-IPO RSU Scheme for the benefit of our employees to incentivize and reward the eligible persons who have contributed to the success of our Group. For further details, see "Appendix V — Statutory and General Information — D. 2019 Equity Incentive Plan, — E. Post-IPO RSU Scheme, and — F. Post-IPO Share Option Scheme" in this Prospectus. In the years ended December 31, 2019 and 2020, we incurred RMB1.9 million and RMB1.7 million, respectively, in share-based compensation expenses. To further incentivize our employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

Our results of operations, financial condition and prospects may be adversely affected by fair value changes in our financial instruments issued to investors, the valuation of which is subject to uncertainties due to the use of unobservable inputs.

During the Track Record Period, we issued financial instruments including preferred shares and convertible loans to investors, which are designated as financial liabilities. All of the convertible loans were converted to preferred shares as of December 31, 2020. For the years ended December 31, 2019 and 2020, we realized net fair value loss in our financial

instruments issued to investors of RMB38.3 million and RMB724.3 million, respectively. We expect to recognize significant loss from the fair value changes of the financial instruments after December 31, 2020 to the Listing Date, which is subject to uncertainties with respect to the valuation of the financial instruments due to the use of unobservable inputs. After the automatic conversion of the financial instruments into Shares upon the Listing, which will result in a net asset position, we do not expect to recognize any further loss or gain on fair value changes from the financial instruments post the Listing.

RISKS RELATING TO OUR BUSINESS

Risks Relating to Extensive Government Regulation

All material aspects of the research, development, manufacturing and commercialization of biopharmaceutical products are heavily regulated. Any failure to comply with the existing regulations and industry standards, or any adverse actions by the NMPA, the U.S. FDA or other comparable regulatory authorities imposed against us, could adversely impact our reputation, business, financial condition, results of operations and prospects.

All jurisdictions in which we intend to conduct our research and development activities or market our product candidates, if and when approved, strictly regulate activities in the biopharmaceutical industry. As of the Latest Practicable Date, we carried out most of our activities in China and the United States and we are planning to enter into other geopolitical areas in the future. These jurisdictions employ different regulatory regimes that make regulatory compliance more complex and costly for a company like us with global footprint.

The process of obtaining regulatory approvals and compliance with appropriate laws and regulations requires 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, manufacturing, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include the regulator's refusal to approve pending applications, withdrawal of an approval, revocation of issued license, issuance of clinical hold, or total or partial suspension of production or distribution. Failure to comply with these regulations could have a material adverse effect on our business.

In countries or regions where we intend to ultimately commercialize our product candidates once approved, such as China and the United States, the relevant government agencies and industry regulatory bodies impose high standards on the efficacy and safety of biopharmaceutical products, as well as strict rules, regulations and industry standards on how we develop such products. For example, we may need to obtain clearance from the NMPA, the U.S. FDA or other regulatory authorities as part of an IND application to seek authorization to begin clinical trials, or file results of clinical trials as part of an NDA, a BLA or other filings to seek marketing approval. These regulatory authorities may conduct scheduled or unscheduled periodic inspections of our facilities to monitor our regulatory compliance. Although we did not encounter any material issues in passing relevant inspections and obtaining applicable clearance in relation to discovery and development of our product

candidates from the NMPA, the U.S. FDA and other regulatory authorities, we cannot assure you that we will be able to continue to do so going forward. Any failure to comply with existing regulations and industry standards could result in fines or other punitive actions against us, and the disqualification of data for submission to regulatory authorities, each of which could have a material adverse impact on our reputation, business, financial condition, results of operations and prospects. In addition, any action against us for violation of the relevant regulations or industry standards, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business, and adversely affect our reputation and financial results.

The regulatory approval processes of the NMPA, the U.S. FDA and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are ultimately unable to obtain, or experience material delays in obtaining, regulatory approval for our product candidates, our business will be substantially harmed.

The time required to obtain approval by the NMPA, the U.S. FDA and other comparable regulatory authorities is unpredictable, particularly with respect to novel products such as cell-based cancer therapies like CAR-T therapies, and depends on numerous factors, including the substantial discretion of the regulatory authorities.

Our product 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 product 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;
- failure to demonstrate that the clinical and other benefits of a product candidate outweigh its safety risks;
- data integrity issues related to our clinical trials;
- insufficiency of data generated from clinical trials of our product candidates to support the filing of the NDA or other submission or to obtain regulatory approval;
- the regulatory authorities' disagreement with our interpretation of data from pre-clinical studies or clinical trials;
- our failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols;

- 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; and

- deficiencies identified by the regulatory authorities in relation to CMC, manufacturing processes or facilities.

The NMPA, the U.S. FDA 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 cause us to decide to abandon the development program.

Changes in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to applicable regulatory authorities to reflect these changes. Resubmission may impact the costs, timing or successful completion of a clinical trial. In addition, changes in government regulations or in practices relating to the biopharmaceutical industry, such as a relaxation in regulatory requirements, or the introduction of simplified approval procedures, which would lower the entry barrier for potential competitors, or an increase in regulatory requirements, which may increase the difficulty for us to satisfy such requirements, and may have a material adverse impact on our business, financial condition, results of operations, and prospects.

If we experience delays in the completion of, or the termination of, a clinical trial of any of our product candidates, the commercial prospects of that product candidate will be harmed, and our ability to generate product sales revenues from that product candidate will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product 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 product candidates.

Moreover, we have limited experience in filing for regulatory approval for our product candidates, and we have not yet demonstrated the ability to receive marketing approval for our product candidates. As a result, our ability to successfully obtain marketing approval for our product candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with substantial experience in obtaining regulatory approvals.

Our and/or others' 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, regulations and relevant regulatory practice by governmental agencies, we and/or other parties related to our operations may be 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 thereunder, including orders issued by the relevant regulatory authorities causing operations to cease, and may include 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. There is also no assurance 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 and/or other such related parties 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 and/or other such related parties will successfully obtain such approvals, permits, licenses or certificates. Our or these parties' failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct 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 biopharmaceutical industry may adversely affect our business.

The biopharmaceutical industry in China, the United States and other markets where we intend to enter is heavily regulated. Changes in government regulations or in practices relating to the biopharmaceutical industry, such as a relaxation in regulatory requirements, or the introduction of simplified approval procedures which lower entry barriers for potential competitors, or an increase in regulatory requirements that 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. For example, a Draft Somatic Cell Therapy Clinical Research and the Transformation Application Management Measures (Trial) (體細胞治療臨床研究和轉化應用管理辦法(試行) (徵求意見稿)) and the Interpretation of the Somatic Cell Therapy Clinical Research and the Transformation Application Management Measures (Trial) (體細胞治療臨床研究和轉化應用管理辦法(試行)解讀) were released by NHC in March 2019, which stipulated, among others, that after filing with NHC, hospitals may use cell therapy treatment, and charge patients upon obtaining price approval from provincial level price administration authority. If adopted, the entry barriers for potential competitors will be

significantly lower. Unlike the NMPA regulatory pathway for the approval and commercialization of industry-sponsored cell therapies, this NHC regulation is limited to medical institute-sponsored research and development of cell therapies which can only be commercialized in the same institute.

In addition, recently enacted and future legislation may increase the difficulty and cost for us to obtain regulatory approval and commercialize our product candidates and affect the prices we may set. For example, in China, a number of legislative and regulatory changes and proposed changes regarding healthcare and biopharmaceutical industry could prevent or delay regulatory approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell our products and any product candidates for which we obtain regulatory approval. In recent years, there have been and will likely continue to be efforts to enact administrative or legislative changes to healthcare laws and policies that will affect the biopharmaceutical industry, including measures which may result in more rigorous coverage criteria and downward pressure on the price that we set for any approved product. Any reduction in reimbursement from government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products. Recently, the Chinese government announced that they would further promote the reform of the drug purchase system and expand the centralized drug purchase program, which may result in a material adverse effect on drug prices.

Even if we obtain marketing approvals for our product candidates, the terms of approvals and ongoing regulation of our products may set limitations on our manufacturing and marketing activities, and we may incur additional costs and devote substantial resources to comply with such requirements.

Any of our future approved product 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 requirements of regulatory authorities in China, the United States and other countries.

Our manufacturing facilities are required to comply with extensive requirements promulgated by the NMPA, the U.S. FDA and comparable regulatory authorities in other relevant jurisdictions to ensure that quality control and manufacturing procedures conform to GMP and other comparable regulations and standards, which include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and documentation and reporting requirements. As such, we will be subject to continual review and inspections to assess compliance with GMP and other comparable regulations and standards. Accordingly, we must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control.

We must also comply with requirements concerning advertising and promotion for any of our product candidates for which we obtain marketing approval. The NMPA, the U.S. FDA and other regulatory authorities strictly regulate the marketing, labeling, advertising and promotion of products that are placed on the market. We must limit our promotional communications with respect to our approved products only with regard to their approved indications and for use in accordance with the provisions of the approved label. Such limitations may potentially pose an adverse impact on our product's commercial potential. In addition, any approvals that we receive for our product candidates may contain requirements for potentially costly post-marketing studies and surveillance to monitor the safety and efficacy of the approved product candidate. We will need to incur additional costs and devote substantial resources to comply with such requirements to, for example, produce and submit safety and other post-marketing information and reports, registration, as well as ensure continued compliance with GMP, good clinical practice, or GCP, for any clinical trials that we conduct post-approval, as well as other applicable comparable regulations and standards. Such additional costs may have an adverse impact on our results of operations and financial condition.

Failure to comply with ongoing regulatory obligations or issues identified post-approval may negatively affect our business, financial position and prospects.

Even after our product candidates are approved for marketing, the NMPA, the U.S. FDA or comparable regulatory authorities may seek to impose a consent decree or withdraw marketing approval if we fail to maintain compliance with the ongoing regulatory requirements or if problems occur after our product candidates reach the market. Subsequent discovery of previously unknown problems with our product candidates, such as certain severe side effects, or with our CAR-T manufacturing processes may result in revisions to the approved labeling or requirements to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution restrictions or other restrictions. Additional consequences may include, among others:

- restrictions on the marketing or manufacturing of our product candidates, withdrawal of the product candidates from the market, or voluntary or mandatory recalls;

- fines, warning letters, or clinical holds;

- refusal by the NMPA, the U.S. FDA or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of issued approvals or withdrawal of issued approvals;

- product seizure or detention, or refusal to permit the import or export of our product candidates; and/or

- injunctions or the imposition of civil or criminal penalties.

If any of the scenarios set forth above materializes, our business operations, such as ability to obtain marketing approval for future product candidates or commercialize any approved products could be materially limited, which could have a significant adverse impact on our business, results of operations, financial position and prospects.

If safety, efficacy or other issues arise in connection with any drug or medical product that is used to manage side effects of our product candidates, we may be unable to develop or market such product candidate or may experience significant regulatory delays.

In clinical trials of our product candidates, anti-cytokine therapies, corticosteroids and anti-epileptic medications, among others, are generally administered to manage side effects such as cytokine release syndrome or neurotoxicity when they appear. If the NMPA, the U.S. FDA or another comparable regulatory authority revokes or denies its approval of any such drug or medical product, we may be forced to suspend and redesign the clinical trials in order to properly manage potential side effects, experience significant regulatory delays arising from our suspension and/or regulatory scrutiny, or stop our commercialization efforts if significant changes are required to administer our product candidates, monitor the post-administration responses or manage the adverse effects.

Risks Relating to Manufacturing of Our Product Candidates

The manufacturing process of our cell-based products is highly complex, and our business could be materially and adversely affected if we encounter problems in manufacturing our product candidates or fail to comply with regulatory requirements.

The process of manufacturing our product candidates is complex and, for our current autologous CAR-T product candidates, individualized, which includes harvesting T cells from patients, genetically modifying the T cells *ex vivo*, multiplying the T cells to obtain the desired dose, and ultimately infusing the T cells back into a patient's body. As a result of the complexities, the manufacturing process is less reliable and is more difficult to maintain consistency compared to the manufacturing process of traditional small molecule chemical compounds, antibodies or recombinant protein drugs. Our manufacturing process will be susceptible to product loss or failure, or product variation that may adversely impact our product development and business operations. During the Track Record Period, we had not experienced any material issue in connection with our manufacturing of CAR-T product candidates to support IIT studies and clinical trials. However, we cannot assure you there will not be any error during the manufacturing processes. If for any reason a patient's T cells are contaminated or the T cells are injured during the manufacturing process or storage, the manufacturing process for that patient will need to be restarted and the resulting delay may adversely affect that patient's outcome. Moreover, if microbial, viral, or other contaminations are discovered in our product candidates or in the manufacturing facilities in which our product candidates are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination.

We may also encounter product variations in the manufacturing process, which may adversely impact patient outcomes. Such variations may be caused by a variety of reasons, such as logistical issues associated with the collection of white blood cells, or starting material, from the patient, shipping such material to the manufacturing site, shipping the final product back to the patient, and infusing the patient with the product, manufacturing issues or different product characteristics resulting from the differences in patient starting materials, variations between reagent lots, interruptions in the manufacturing process, contamination, equipment or reagent failure, improper installation or operation of equipment, vendor or operator error, inconsistency in cell growth, and variability in product characteristics. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects, and other supply disruptions, which in turn may have material adverse impact on our business operations.

In addition, the manufacturing process for any product candidates that we may develop is subject to regulatory approvals from the NMPA, the U.S. FDA or other comparable regulatory authorities. We will need to satisfy all applicable regulatory requirements on an ongoing basis. If we are unable to reliably manufacture product candidates that meet specifications acceptable to the NMPA, the U.S. FDA or other regulatory authorities, we may be forced to delay clinical trials, conduct bridging clinical trials or repeat one or more clinical trials, which might significantly increase costs in connection with clinical trials and materially delay regulatory approval of our product candidates. In addition, even if we obtain regulatory approval for any of our product candidates, there is no assurance that we will be able to manufacture the approved product to meet the specifications acceptable to the NMPA, the U.S. FDA or other regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential launch of the product, or to meet potential future demand. Any such challenges may hinder or prevent our commercialization efforts, increase our costs of goods and have an adverse effect on our business, financial condition, results of operations and growth prospects.

We rely on certain reagents, specialized equipment, and other specialty materials to manufacture our product candidates. Such supplies may not be available to us on acceptable terms or at all, and an increase in the market price of such supplies may adversely affect our profitability.

We have established manufacturing capabilities that allow us to produce substantially all of the key components for manufacturing CAR-T cells, including preparation of plasmids and lentiviral vectors, transduction and expansion of T cells, as well as most of the assays required for the quality control of the resulting CAR-T cells. However, the manufacturing process of our product candidates requires many reagents, specialized equipment and other specialty materials manufactured by other third parties. During the Track Record Period, we had not encountered material supply difficulties with respect to reagents, equipment or other materials necessary for our manufacturing of product candidates. However, as we continue to develop and scale our manufacturing process and capacity, there is no assurance that we will be able to, at all times, procure such reagents, equipment and materials in adequate amount or on commercially reasonable terms, in a timely manner or at all. There is also no assurance that we will be able

to identify alternative sources of supply or suitable substitutes for the reagents, equipment or other materials. If we encounter difficulties in procuring necessary reagents, equipment or other materials for manufacturing our product candidates, we may be forced to delay or suspend our manufacturing activities, which may have a material adverse effect on our clinical development, regulatory approval, future commercialization efforts, results of operations and our prospects.

In addition, for some of these reagents and equipment, we may in the future rely on single source vendors or a limited number of vendors. We encountered temporary difficulties in sourcing key raw materials as a result of the COVID-19 outbreak, which did not have a material impact on our business operations. For additional information on the impact of the COVID-19 outbreak on our business, see "Summary — Recent Developments — Impact of the COVID-19 Outbreak." For the risks associated with the COVID-19 outbreak, see "— Risks Relating to Our General Operations — Our business operations have been adversely affected by the COVID-19 outbreak, may in the future continue to be affected by the COVID-19 outbreak, and may be affected by other health epidemics or outbreaks of contagious diseases." We may not be able to continue to source product from any of these suppliers, which could be due to factors beyond our control, such as regulatory actions or requirements affecting the supplier, adverse financial or other strategic developments experienced by a supplier, labor disputes or shortages, unexpected demands, or quality issues. Failure to obtain sufficient supply of these reagents, equipment, and materials could adversely affect our ability to satisfy demand for our product candidates, which could adversely and materially affect our development process, future commercialization efforts and operating results.

Furthermore, as our manufacturing processes require substantial amounts of supplies, and fluctuations in price of such supplies may directly and adversely impact on our gross margins. During the Track Record Period, we had not experienced significant fluctuations in prices of supplies, and they are generally available and in sufficient quantity to meet our demands. However, we cannot assure you that this will continue to be the case in the future. The prices of supplies we use in manufacturing our product candidates may be affected by a number of factors, including market supply and demand, the PRC or international environmental and regulatory requirements, natural disasters such as fires, outbreak of epidemics or diseases, and the PRC and global economic conditions. A significant increase in the costs of supplies may directly and negatively affect our profit margins and, ultimately, our business, financial conditions, results of operation and prospects.

Failure to obtain and maintain regulatory approvals for our manufacturing facilities, or any disruption or suspension of our manufacturing activities, may affect our business and results of operations.

We have been manufacturing our product candidates at our own facilities in China. In the future, we plan to manufacture our product candidates in-house in the United States as well. Our existing and future manufacturing facilities are required to obtain and maintain regulatory approvals. They are also subject to ongoing, periodic inspection by the NMPA, the U.S. FDA or other comparable regulatory authorities to ensure compliance with GMP regulations. We

cannot guarantee that we will, at all times, be able to adequately follow and document our adherence to such GMP regulations or other regulatory requirements as required by the NMPA, the U.S. FDA or other regulatory authorities. Our commercial manufacturing facility in Jinshan, China, has passed the SHMPA GMP inspection in 2019. However, there is no assurance that the future regulatory inspections will not identify material deficiencies that we must remediate. Remediating deficiencies can be laborious, time consuming and costly. Moreover, the SHMPA may re-inspect the facility to determine whether the deficiency has been remediated to its satisfaction, and may note further deficiencies during re-inspection. Failure to obtain and maintain such regulatory approvals of our manufacturing facilities may subject us to sanctions such as fines, injunctions, penalties, suspension of clinical trials, refusal of regulatory authorities to grant marketing approval of our product candidates, delay, suspension or withdrawal of issued approvals, supply disruptions, seizures or recalls of our product candidates, operating restrictions and criminal prosecutions, any of which may have an adverse effect on our business.

We may also encounter problems with achieving adequate or clinical-grade products that meet the standards or specifications promulgated by the NMPA, the U.S. FDA or other comparable regulatory agency, maintaining consistent and acceptable production costs, experiencing shortages of qualified personnel, raw materials or key contractors, or experiencing unexpected damage to our facilities or the equipment. Any such incidents may cause us to delay or suspend our manufacturing activities. We may not be able to secure temporary, alternative manufacturers for our product candidates with the terms, quality and costs acceptable to us, or at all. Such an event could delay our clinical trials and/or the availability of our product candidates for commercial sale once approved for marketing. Moreover, we may need to devote significant resources to remedy these deficiencies before we can continue production at our manufacturing facilities, which would divert our limited resources and management attention from other critical operations and may adversely affect our business and results of operations.

Failure to maintain a robust chain of identity associated with our patients could cause us to incur additional costs, affect the regulatory approval process, result in fines or penalties, and harm our reputation.

Because our product candidates are autologous CAR-T cells that are manufactured for each particular patient, we must prevent mix-up of relevant materials by maintaining a chain of identity with respect to materials as they move from the patient to the manufacturing facility, through the manufacturing process, and back to the patient. Maintaining a chain of identity is difficult and complex. Similar to other CAR-T manufacturers, we have adopted a computerized manufacturing execution system to trace materials. However, there is no assurance that the system will not malfunction, be disrupted by any third-party intrusions or viruses, or be subject to any information or data theft or other similar activities. In addition, we cannot assure that there will not be any human errors, either conducted by us or by third-parties in the logistics chain, in mixing up the materials. Any such incidents may cause failure in maintaining a chain of identity of our product candidates, which could render a batch of product candidate unusable

and require us to incur additional costs to prepare another batch, cause potentially severe adverse outcomes in patients, affect the regulatory approval process of such product candidate, cause us to incur fines or penalties, and harm our reputation and that of our product candidates.

If we fail to expand, construct or operate our commercial manufacturing facilities as planned, our operating results could be adversely affected.

To cater to the anticipated market demand of our CAR-T product candidates, in particular those targeting solid tumors, once they are approved by the NMPA, the U.S. FDA or other comparable regulatory authorities for marketing, we plan to expand our commercial manufacturing facility in Jinshan, Shanghai and construct a commercial manufacturing facility in the United States. For additional information, see "Business — Manufacturing."

In expanding or constructing our manufacturing facilities, we may experience unforeseen delays due to our failure to obtain funding, disrupted or delayed construction, or regulatory issues. Construction of new facilities, particularly for usage in the biopharmaceutical industry, is a complex and challenging process. Among other things, it requires interpretation of and compliance with many laws, codes, and regulations; gathering of considerable resources, including labor, equipment, and materials; and communications with and coordination among multiple parties, which could divert resources from our productive uses and consume significant amounts of management time. Therefore, we cannot assure you that our facility expansion or construction projects will be completed as planned. Further costs of construction could also exceed budget, divert resources from other productive uses and consume significant amounts of management time, therefore adversely affect our operating results.

In addition, we may not be able to fully utilize our expanded or newly constructed facilities immediately or at all. Among others, such facilities will be required to pass the GMP inspections conducted by relevant regulatory authorities before we are allowed to produce our product or product candidates for commercialization or clinical trials. There is no guarantee that we will be able to pass such inspections. For additional discussion, see the risk factor headed "Failure to obtain and maintain regulatory approvals for our manufacturing facilities, or any disruption or suspension of our manufacturing activities, may affect our business and results of operations." If we are not able to obtain or maintain the necessary regulatory approvals, we would experience delays in operating our facilities, which would adversely affect our manufacturing ability, our results of operations, and future successful commercialization of our product candidates.

Further, as operating our manufacturing facilities requires specialized skills and practical experience, we may not be able to recruit additional employees with the relevant experience required to operate our equipment or work at our facilities immediately or at all, therefore prohibiting us from optimizing the utilization of our facilities. Such inefficiency may result in the costs associated with expanding or constructing our facilities outpace the increase in future

revenues resulting from the manufacturing activities. As a result, even if our proposed expansion or construction plans are successfully carried out, our business, financial condition and results of operations may be adversely affected by our inability to optimize the utility of our facilities.

Changes of manufacturing process may incur additional costs or adversely affect our clinical development and commercialization efforts.

We may need to change our manufacturing process at various points during product development and even after commercialization for a number of reasons, such as to control costs, achieve scale, decrease processing time, increase manufacturing success rate, among others. Changes to our manufacturing process bear certain risks, such as potential failure to achieve the intended objectives, or causing our product candidates to perform differently which affects the results of our clinical trials or post-marketing surveillance. In some circumstances, changes in the manufacturing process may require us to perform *ex vivo* comparability studies and to collect additional data from patients prior to undertaking more advanced clinical trials. For instance, changes in our process during the course of clinical development may require us to show the comparability of the product candidates used in earlier clinical phases or at earlier portions of a trial to the product candidates used in later clinical phases or later portions of the trial. We may also make further changes to our manufacturing process before or after commercialization, and such changes may require us to show the comparability of the resulting product to the product candidate used in the clinical trials using earlier processes. We may be required to collect additional clinical data from any modified process prior to obtaining marketing approval for the product candidate produced with such modified process. If clinical data are not ultimately comparable to those seen in the earlier trials or earlier in the same trial in terms of safety or efficacy, we may be required to make further changes to our process and/or undertake additional clinical testing, either of which could incur additional costs, significantly delay the clinical development or commercialization of the relevant product candidate.

We may not be successful in achieving commercial-scale manufacturing that provide for an attractive margin.

We had limited experience in carrying out large-scale commercial manufacturing as of the Latest Practicable Date. Therefore, we may underestimate the cost and time required to manufacture our product candidates in large, commercial scale, or overestimate cost reductions from economies of scale that we expect to realize with our manufacturing processes. We may ultimately be unable to manage the costs of production for our product candidates to levels that will allow for a margin in line with our expectations and return on investment if and when those product candidates are commercialized.

We may not be successful in manufacturing product candidates in sufficient quantities or with sufficient quality for commercial use.

There are risks associated with scaling to the level required for advanced clinical trials or commercialization, including, among others, cost overruns, potential problems with process scale-out, process reproducibility, stability issues, lot consistency, timely availability of reagents or raw materials, and the timing of bringing facilities online or otherwise expanding capacity. We will also need to continue improving our quality management system to reduce human error and ensure stable and consistent supply of high-quality CAR-T product candidates. As a result of these challenges, as well as challenges set out in this subsection headed "Risks Relating to Manufacturing of Our Product Candidates," we may experience difficulties in connection with quality, quantity and costs in scaling up our production of plasmids and lentiviral vectors and scaling out generation of CAR-T cells. As a result, we may never be successful in manufacturing product candidates in a commercial scale.

Even if we are successful in developing our manufacturing capabilities sufficient for commercial supply, our manufacturing capabilities could be affected by cost-overruns, unexpected delays, equipment failures, labor shortages, operator error, natural disasters, availability of qualified personnel, difficulties with logistics and shipping, problems regarding yields or stability of product, contamination or other quality control issues, power failures, and numerous other factors that could prevent us from realizing the intended benefits of our manufacturing strategy and have a material adverse effect on our business.

Risks Relating to Discovery, Pre-Clinical Development and Clinical Development of Our Product Candidates

We depend substantially on the success of our product candidates, all of which are in pre-clinical or clinical development. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product 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 current product candidates for the treatment of patients with various types of hematological malignancies and solid tumors, all of which are still in pre-clinical or clinical development, as well as other product candidates we may develop in the future. We have invested a significant portion of our efforts and financial resources in the development of our existing product candidates. The success of our product candidates will depend on several factors, including, but not limited to:

- successful enrollment of patients in, and completion of, clinical trials, as well as completion of pre-clinical studies;

- ensuring the integrity and security of data collected or generated from clinical trials, including personal health information of patients, in keeping with the global standards of Good Clinical Practice, International Committee on Harmonization and the regulations and laws of the PRC, the United States and other jurisdictions where we carry our out clinical trials;

- favorable safety and efficacy data from our clinical trials and other studies;

- receipt of regulatory approval, or receipt of regulatory agreement on development plans or manufacturing standards to conduct trials for approval;

- establishing adequate commercial manufacturing capabilities, either by building facilities ourselves or making arrangements with third-party manufacturers;

- the ability to continue clinical trials without regulatory hold orders on our INDs resulted from severe or fatal adverse events with T cell therapy in our trials or resulted from such adverse events in trials sponsored by others but considered relevant to our product candidates;

- the performance by contract research organizations, or CROs, contract manufacturing organizations, or CDMOs, or other third parties we may retain to conduct clinical trials, of their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;

- obtaining, maintaining and enforcing patent, trademark, trade secret, know-how and other intellectual property protection and regulatory exclusivity for our product candidates and our development process;

- ensuring we do not infringe, misappropriate or otherwise violate the patent, trademark, trade secret or other intellectual property rights of third parties or obtain license where necessary;

- successfully establishing our marketing network and launching our product candidates for commercial sales, if and when approved;

- obtaining favorable governmental and private medical reimbursement for our product candidates, if and when approved;

- appropriately pricing our product candidates and timely collecting payments;

- competition with other products or therapies;

- the effects of disruptions caused by man-made or natural disasters or public health pandemics or epidemics or other business interruptions, including, the recent outbreak of COVID-19; and

- continued acceptable safety profile of our product candidates, and any potential combinational therapies, following regulatory approval.

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

Our CAR-T product candidates are based on novel technologies and represent emerging approaches to cancer treatment that face significant challenges and hurdles, which make it difficult to predict the timing, results and the cost of product development and likelihood of regulatory approval.

Leveraging our core competencies in oncology and cell-based treatments, we have concentrated our primary research and development efforts on CAR-T therapies, and our future success is highly dependent on the successful development and manufacture of our CAR-T product candidates. We did not have any approved or commercialized products as of the Latest Practicable Date. As with other targeted therapies, off-tumor or off-target toxicities could delay our development or require us to reengineer or abandon a particular product candidate. Because CAR-T therapies represent a relatively new field of cell-based immunotherapy for cancer treatment, we are subject to a number of risks and challenges in the development and commercialization of our CAR-T product candidates, including but not limited to:

- obtaining regulatory approval for our product candidates, as the NMPA, the U.S. FDA and other regulatory authorities may have limited experience with CAR-T therapies for the treatment of cancers, in particular for solid tumors;

- developing and utilizing consistent and reliable processes and obtaining relevant qualifications and/or certifications of the manufacturing facilities for engineering patient's or donor's T cells *ex vivo* without cross-contamination and infusing the engineered T cells back into the patients;

- optimizing the pre-treatment conditioning regimen for patients to reduce the toxicity of such regimen and improve the efficacy of CAR-T treatment;

- sourcing adequate and high-quality supplies of the materials necessary for manufacturing our product candidates;

- creating viral vectors capable of safety and effectively transducing the collected T cells to generate CAR-T product candidates;

- establishing manufacturing capacity suitable for the manufacture of our product candidates in line with expanding enrollment in our clinical trials and our projected commercial requirements;

- achieving cost efficiencies in the scale-up of our manufacturing capacity;

- developing protocols for the safe administration of our product candidates;

- educating medical personnel regarding our CAR-T technologies and the potential side effect profile of each of our product candidates, such as potential adverse side effects related to cytokine release syndrome and neurotoxicity and the related treatment options;

- establishing logistics capabilities to ensure full traceability and timely shipment of samples;

- establishing sales and marketing capabilities to successfully launch and commercialize our product candidates if and when approved; and

- the availability of coverage and adequate reimbursement from third-party payors for our approved product candidates, and the ability and willingness of patients to pay out-of-pocket for our approved product candidates.

Due to the foregoing challenges, we may not be able to develop our CAR-T product candidates, our technology or our other product candidates in a manner that will generate products that are safe, effective, scalable or profitable. We also cannot accurately predict the timing, results and the cost of product candidate development and likelihood of obtaining regulatory approval. Additionally, because our CAR-T product candidates involve the genetic modification of patient cells *ex vivo*, we are subject to additional challenges and risks, including:

- the rapidly evolving laws and regulations that govern gene and cell therapy, such as the potential adoption of an extensive follow-up observation period by the regulatory authorities for all patients who receive gene therapies; and

- potentially serious side effects arising from improperly modified patients' T cells, such as an improper insertion of a gene fragment that disrupts normal functions of a tumor suppressor gene which could lead to lymphoma, leukemia or other cancers.

Moreover, public awareness and perception of the potential safety concerns of cell therapies may adversely influence the willingness of patients to participate in clinical trials of our product candidates, or if approved, physicians to prescribe our products. Physicians, hospitals and third-party payors often are slow to adopt new products, technologies and treatment options that require additional upfront costs and training. Treatment centers may not be willing or able to devote the resources and establish other infrastructure required for the administration of CAR-T therapies. Physicians may not be willing to undergo training to adopt this novel and personalized therapy, may decide the therapy is too complex or risky to adopt, therefore may choose not to administer the therapy at all. In light of these and other factors, hospitals and payors may decide that the benefits of CAR-T therapies do not or will not outweigh their costs, which may delay the broad market acceptance, if at all, of CAR-T therapies and may have an adverse impact on our results of operations, financial condition and prospects.

Clinical development of biopharmaceutical products involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and early clinical trials may not be predictive of final trial results and may be subject to adjustments. All of the clinical results of our product candidates described in this Prospectus are interim data.

Clinical trials can be expensive and can take many years to complete, and their outcomes are inherently uncertain. Failure can occur at any time during the clinical trial process. The results of pre-clinical studies, investigator-initiated trials and early clinical trials of our product 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 and may be subject to adjustments. For example, product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies, investigator-initiated trials and initial clinical trials. In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same product 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, adherence to the dosing regimen, 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 countries involved in such trials. Certain clinical trial results disclosed in this Prospectus are interim data. Some of such data and results of clinical trials are dependent on physicians' subjective judgement, for example, whether certain adverse events occurred to the trial patients were treatment-related or not. As a result, when preparing the final report of such clinical trials, it is possible that certain necessary adjustments may be made to the clinical data in accordance with judgements and relevant rules promulgated by the NMPA, the U.S. FDA and other comparable regulatory authorities, rendering the final data different from the interim clinical trial data. Therefore, you are cautioned not to place undue reliance on the interim data presented herein.

A number of companies in the biopharmaceutical industry 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, regardless of earlier results. If so, we would have expended a significant amount of capital and other resources to progress the relevant product candidates to that stage, but would not realize any revenue on such product candidate if it then ultimately failed to receive regulatory approval due to poor clinical trial results. Such an uncompensated expenditure could materially adversely affect our business, financial condition, results of operations and prospects. Even if our future clinical trial results show favorable efficacy and impressive durability of anti-tumor responses, not all patients may benefit. For certain therapies, not all patients will respond, some responders may also relapse after a period of response.

If we encounter delays or 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 the respective protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the studies until their conclusion. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons. Key factors for recruiting eligible patients to participate in our clinical trials include:

- the patient eligibility criteria defined in the protocol and the size and nature of the patient population who meet such criteria;
- the number of patients with the disease or condition being studied;
- the patients understanding the risks and benefits of the product candidate in the trial;
- clinicians' and patients' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including conventional therapies, approved therapeutic products that may be used off-label, and other new therapies that may be approved for the indications we are investigating;
- the proximity of patients to study sites;
- the design of the clinical trial;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- competing clinical trials for potential treatment options in the same therapeutic areas or other new therapeutics not involving cell-based immunotherapy as our product candidates;

- our ability to obtain and maintain patient consents; and

- the risk that patients enrolled in clinical trials will drop out before completion of their treatment.

In addition, since the number of qualified clinical investigators and suitable 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. 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 in the same clinical trial sites, which could reduce the number of patients who are available for our clinical trials in these clinical trial sites. Moreover, because our product candidates represent a departure from more commonly used methods for cancer treatment and may be perceived as a riskier option, potential patients and their doctors may be more inclined to use conventional therapies, such as chemotherapy and antibody therapy, rather than participating in our clinical trials.

Delays or difficulties in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could delay or prevent completion of these clinical trials and adversely affect our ability to advance the development of our product candidates. The outbreak of COVID-19 had an impact on our patient enrollment. For additional information, see the risk factor headed "Our business operations have been adversely affected by the COVID-19 outbreak, may in the future continue to be affected by the COVID-19 outbreak, and may be affected by other health epidemics or outbreaks of contagious diseases." In addition, many of the factors that may lead to a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

If clinical trials of our product 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 product candidates.

Before obtaining regulatory approvals from the NMPA, the U.S. FDA or other comparable regulatory authorities for marketing our product candidates in the respective jurisdictions, we must conduct extensive nonclinical studies and clinical trials to demonstrate the safety and efficacy of our product candidates in humans for the proposed indications. We cannot predict accurately when or whether any of our product candidates will prove effective or safe in humans and will receive regulatory approval. Clinical trials are expensive, difficult to design and implement, can take many years to complete and are uncertain as to outcome. A failure of one or more clinical trials can occur at any stage of clinical development.

We may experience numerous unexpected events prior to, during or as a result of clinical trials that could delay or prevent our ability to receive regulatory approvals or commercialize any of our product candidates, including but not limited to:

- the NMPA, the U.S. FDA or other regulatory authorities may disagree as to the numbers, design or implementation of our clinical trials, or may interpret the results from clinical trials differently as we do;

- regulators, institutional review boards ("**IRBs**") or ethics committees may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;

- manufacturing issues relating to our own facilities or third-party CDMOs, including problems with manufacturing process, supply quality, quality control, or compliance with good manufacturing practice ("**GMP**");

- we may not reach agreement on acceptable terms with prospective clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different clinical trial sites;

- clinical trials of our product candidates may produce negative or inconclusive results;

- we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;

- the number of patients required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be insufficient or slower than we anticipate, participants may drop out of these clinical trials at a higher rate than we anticipate, or we may not be able to recruit eligible patients to participate in clinical trials;

- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;

- we might have to suspend or terminate clinical trials of our product candidates for various reasons, including a finding of noncompliance with regulatory requirements, lack of clinical response or other unexpected characteristics, or a finding that participants are being exposed to unacceptable health risks such as cytokine release syndrome or neurotoxicity;

- our product candidates may have undesirable side effects or other unexpected characteristics;

- the cost of clinical trials of our product candidates may be greater than we anticipate;

- the NMPA, the U.S. FDA or other regulatory authorities may decline to approve our manufacturing processes or facilities;

- the supply or quality of our product candidates, companion diagnostics or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate; and

- the approval policies or regulations of the NMPA, the U.S. FDA or other regulatory authorities may significantly change in a manner rendering our previously generated clinical data insufficient for approval.

To the extent that the results of our clinical trials fail to demonstrate safety and efficacy to the satisfaction of the NMPA, the U.S. FDA or other regulatory authorities, the commercialization of our product candidates may be significantly delayed, or we may be required to expend significant additional resources, which may not be available to us, to conduct additional clinical trials in support of potential approval of our product candidates. If we are required to conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our product candidates or other testing, if the results of these trials are not positive or are only modestly positive, or if they raise safety concerns, we may (i) be delayed in obtaining regulatory approval for our product candidates; (ii) not obtain regulatory approval at all; (iii) obtain approval for indications that are not as broad as intended; (iv) have the product removed from the market after obtaining regulatory approval; (v) be subject to additional post-marketing testing requirements; (vi) be subject to restrictions on how the product is distributed or used; or (vii) be unable to obtain reimbursement for the use of the product.

Significant clinical trial delays may also increase our development costs and could shorten any periods during which we have the exclusive right to commercialize our product candidates or allow our competitors to bring their products to market before we do. This could impair our ability to commercialize our product candidates and may have an adverse effect on our business and results of operations.

Our product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, limit their commercial potential, or result in significant negative consequences.

In clinical trials conducted by other companies involving CAR-T, the most prominent adverse events included symptoms which were considered to be associated with cytokine release syndrome, such as fever, low blood pressure, nausea, breathing difficulties and oxygen deficiency. Some patients also experienced toxicity of the central nervous system, or neurotoxicity, such as confusion, tremor, cranial nerve dysfunction, seizures and speech impairment. The aforementioned adverse events with the worst grades and attributed to CAR-T

were severe and life threatening in some patients. Like other clinical trials involving CAR-T, patients enrolled in our clinical trials may experience cytokine release syndrome or neurotoxicity. For example, one patient experienced Grade 5 cytokine release syndrome in our investigator-initiated trial for CT011. For additional information on the safety of our product candidates, see "Business — Our Product Pipeline."

We aim to develop CAR-T product candidates with improved safety profile, so that our product candidates could be used as front-line treatments for various types of cancers. However, similar to other clinical trials on CAR-T products, our clinical trials include cancer patients who have received prior lines of treatment, who could be very sick and whose health is deteriorating, and we expect that additional clinical trials of our other product candidates will include similar patients with deteriorating health conditions. It is possible that some of these patients may experience similar adverse side effects as were observed in clinical trials conducted by other companies and academic institutions involving CAR-T, and that patients may die during our clinical trials for various reasons, including as a result of receiving our product candidates, because the patient's disease is too advanced, or because the patient experiences medical problems that may not be related to our product candidates. Even if the deaths are not related to our product candidates, the deaths could adversely affect perceptions regarding the safety of our product candidates.

Incidents of patient death and severe side effects caused by our product candidates, or by products or product candidates of other companies that are thought to be similar with our product candidates, could result in the delay, suspension, clinical hold or termination of our clinical trials by ourselves, ethics committee, the NMPA, the U.S. FDA or other regulatory authorities for a number of reasons. If we elect or are required to delay, suspend or terminate any clinical trial of any product candidates that we develop, the commercial prospects of such product candidates will be harmed and our ability to generate product revenue from any of these product candidates would be delayed or eliminated. Serious adverse events observed in clinical trials could hinder or prevent market acceptance of the product candidate at issue. Any of such scenarios may significantly harm our business, financial condition, results of operations and prospects.

Moreover, by their nature, clinical trials only assess a sample of the potential patient population. Certain side effects may only be uncovered when a significantly larger number of patients is exposed to the products. Even if one or more of our product candidates receive marketing approval, undesirable side effects caused by such product candidates may be identified after such approval during any long-term follow-up observation period recommended or required for patients who receive treatment using our products, and we may therefore face potentially significant negative consequences, which may include, among others:

- withdrawal of approvals by regulatory authorities of such product, which requires us to suspend marketing or remove relevant products from the marketplace;

- inclusion of additional warnings on the label;

- development of risk evaluation and mitigation measures for the products, or if risk evaluation and mitigation measures are already in place, to incorporate additional requirements under the risk evaluation and mitigation measures;
- regulatory investigations and government enforcement actions;
- a severe decrease in the demand for, and sales of, the relevant products;
- litigation and/or liability for harm caused to patients; and
- taint of our reputation.

Any of the foregoing could prevent us from achieving or maintaining market acceptance of the particular products or achieving market acceptance for other product candidates, if approved, thus could significantly harm our business, results of operations and prospects.

The process for treating cancer patients using CAR-T therapy is subject to human errors and systemic risks.

The "vein-to-vein" cycle for treating cancer patients using CAR-T therapy involves multiple steps and human participants. The entire process takes approximately four to six weeks from collection of a patient's white blood cells to infusion of CAR-T cells back to the patient. For additional information on the process of CAR-T therapy, see "Business — Our CAR-T Technologies — Conventional CAR Construct and Therapeutic Process." The final CAR-T product candidates are subject to several release tests and need to fulfill specified criteria for the product candidates to be released for infusion. Such release criteria include sterility, identity, purity, potency, among others. We are subject to stringent regulatory and quality standards in the course of a CAR-T therapy treatment process, and we have developed a quality management system that we believe is adequate for ensuring the quality of our CAR-T product candidates. However, we cannot assure you that our quality control and assurance efforts will be adequate at all times or that the risk of human or systemic errors in the entire "vein-to-vein" cycle can be eliminated given the complex nature of the manufacturing and administration processes for CAR-T products and the extensive level of human participation in the treatment cycle.

Prior treatments may have adverse impact on the clinical benefit of our CAR-T product candidates.

Similar to other clinical trials in connection with CAR-T, all of the enrolled patients in our clinical trials had received prior lines of cancer treatment. The particular prior lines of cancer treatment received by patients differ for different types of cancer. For example, in the clinical trials of CT053 for the treatment of R/R MM, enrolled patients had received a median of 5 or 6 prior therapies which typically include immunomodulatory drugs, proteasome inhibitors and anti-CD38 monoclonal antibodies. In the clinical trials of CT041 and CT011 for the treatment of solid tumors, enrolled patients must receive at least one prior therapy

according to the applicable cancer treatment guideline. The prior treatments typically involve highly toxic chemotherapy, which may impact the viability of the T cells collected from the patient, the potency of manufactured autologous CAR-T cells, and may contribute to highly variable patients' responses to CAR-T therapies. Patients could also have received prior therapies that target the same antigen on the cancer cells that our CAR-T product candidate targets, which can reduce the expression of the target antigen on those cancer cells. As a result, such antigen evasion may render our CAR-T product candidates incapable of recognizing the cancer cell and may fail to produce desired clinical benefits. If any of our product candidates do not achieve a sufficient level of clinical benefit, we may discontinue the development of that product candidate, which could have an adverse effect on our business and prospects.

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

We must keep pace with new technologies and methodologies to maintain our competitive position. For the years ended December 31, 2019 and 2020, our research and development expenses were RMB210.2 million and RMB281.8 million, 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 also intend to continue to enhance our technical capabilities in product discovery, development and manufacturing, which are capital-and time-intensive. Moreover, when suitable opportunity arises as determined by us, we may acquire new technologies and methodologies to further enhance our development and research capabilities and our product candidate portfolio. We cannot assure you that we will be able to develop, acquire, enhance or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products to market, obtain sufficient or any patent or other intellectual property protection for such new or enhanced products, or obtain the necessary regulatory approvals in a timely and cost-effective manner, or, if such products are introduced, that those products will achieve market acceptance. Any failure to do so may make our techniques obsolete, which could harm our business and prospects.

We may fail to expand our pipeline of new product candidates, which could limit our commercial opportunities.

We plan to continue to leverage our integrated in-house research and development platform and our accumulated expertise in oncology and cell therapy to further expand our product pipeline. We strive to provide CAR-T products with improved safety and efficacy for the treatment of various types of hematological malignancies and solid tumors that represent significant unmet medical needs and substantial market potential. We also aim to develop readily "off-the-shelf" allogeneic CAR-T product candidates with our THANK-uCAR technology. However, despite our efforts, we may not be able to develop product candidates that are safe and effective, or which compare favorably with other commercially available alternatives. Even if we are successful in continuing to build our pipeline and develop next-generation product candidates or further expand into solid tumor indications and hematological malignancies, the potential product candidates that we identify may not be

suitable for clinical development, including as a result of lack of safety, lack of tolerability, lack of anti-tumor activity, or other characteristics that indicate that they are unlikely to be products that will receive marketing approval, achieve market acceptance or obtain reimbursements from third-party payors. We cannot assure you that we will be able to successfully advance any of our future product candidates through the development process even in light of our track record. Our research programs may not be successful for many reasons, including but not limited to the following:

- our research and development platforms may not be successful in identifying additional tumor target antigens or lead antibodies targeting those antigens with desired properties;
- we may not be able to deploy sufficient resources for the discovery of additional product candidates;
- our product candidates may not succeed in pre-clinical or clinical trials;
- a product candidate may cause severe side effects or exhibit other substantially unfavorable characteristics;
- competitors may develop alternatives that render our product candidates obsolete or less attractive;
- product candidates we develop in-house may nevertheless fall within the scope of third parties' patent claims or other exclusive rights;
- the target market for a product candidate may change during our development program so that the continued development of that product candidate is no longer reasonable;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and
- a product candidate may fail to achieve adequate market acceptance due to the negative perception on its safety and effectiveness by patients, the medical community or third-party payors.

If any of events set forth above occurs, we may be forced to abandon our development efforts for a program or programs. We may not be able to ultimately discover, develop or commercialize additional product candidates to expand our market penetration or enter new markets, which would limit our commercial opportunity and have a material adverse effect on our business and prospects.

Even if we receive the marketing approvals for our product candidates from the NMPA, the U.S. FDA or other comparable regulatory authorities, we cannot assure you that we will be able to eventually commercialize such product candidates successfully or if at all. For additional discussion, see "— Risks Relating to Our Business — Risks Relating to Commercialization of Our Product Candidates." If we do not successfully develop and commercialize additional product candidates, we may not be able to generate adequate revenues from sale of products in future periods, which would have a material adverse impact on our business, results of operations, financial position and prospects.

We have derived and plan to continue to derive results from investigator-initiated trials of our product candidates to expedite our clinical development activities. There is no assurance that the clinical data from these trials will be accepted or considered by the NMPA, the U.S. FDA, or other comparable regulatory authorities.

Certain of our product candidates are being studied in investigator-initiated trials in China. An investigator-initiated clinical trial refers to the non-registrational clinical trial initiated by investigators for the purpose of the study of the diagnosis, treatment, rehabilitation, prognosis of diseases instead of drug registration, whereas a registrational clinical trial refers to the clinical trial conducted upon the approval of IND application by the NMPA and for the purpose of drug registration. We plan to continue exploring new opportunities for cell therapy in investigator-initiated trials in China, where such trials are initiated and conducted by principal investigators under the oversight of the China National Health Commission, or NHC. We engineer, produce and provide CAR-T cells to the selected, reputable principal investigators at Class III Grade A hospitals for administration in patients.

In the past, after consultation with the NMPA, we were permitted to rely on all or part of the initial results and the underlying data points from the investigator-initiated trials to support our regulatory filings. For example, safety and efficacy results of CT053 generated from investigator-initiated trials were considered by the NMPA to support the IND clearance for CT053 in China. However, as there are no clear laws or regulations in China that regulate investigator-initiated trials, there are risks to our plan to continue to explore new opportunities for cell therapy in investigator-initiated trials in China given that the NMPA may refuse to accept the data from the investigator-initiated trials of our product candidates due to concerns that (1) they do not follow the mainstream regulatory pathway of relying on registrational clinical trial, or that (2) the non-registrational clinical trials of our product candidates may not otherwise fully comply with the same requirements applicable to registrational clinical trials. Similarly, in the past the U.S. FDA considered the safety and efficacy data of our products generated from investigator-initiated trials in China. For example, it allowed us to directly initiate a Phase Ib trial on CT041 in the United States and granted CT041 Orphan Drug designation. However, there is no assurance that in the future the clinical data from any of our investigator-initiated trials in China will be accepted by the U.S. FDA or other comparable regulatory authorities outside of China, nor can we assure that the clinical data from any of our investigator-initiated trials in China, where the patients are predominately of Chinese descent, will produce similar results in patients of different races, ethnicities or those of non-Chinese descent.

Our pre-clinical programs may experience delays or may never advance to clinical trials, which would adversely affect our ability to obtain regulatory approvals or commercialize these product candidates on a timely basis or at all, which would have an adverse effect on our business.

Some of our product candidates are still in the pre-clinical development stage, and the risk of failure of pre-clinical programs is high. Before we can commence clinical trials for a product candidate, we must complete extensive pre-clinical studies on safety and efficacy of product candidates to obtain regulatory clearance to initiate clinical trials on humans. We cannot be certain of whether we will be able to timely complete our pre-clinical studies or generate results that are adequate to support the initiation of subsequent clinical trials. There is also no assurance that the NMPA, the U.S. FDA or other comparable regulatory authorities will accept our proposed protocols for clinical programs. As a result, we cannot be sure that we will be able to submit IND applications or similar applications for our pre-clinical programs on the timelines we expect, if at all, and we cannot be sure that submission of IND applications or similar applications will result in the NMPA, the U.S. FDA or other regulatory authorities allowing us to commence the contemplated clinical trials.

Risks Relating to Commercialization of Our Product Candidates

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

To obtain regulatory approvals for the commercial sale of any product candidate for a target indication, we must demonstrate in pre-clinical studies and well-controlled clinical trials, and to the satisfaction of the NMPA, the U.S. FDA and other applicable regulatory authorities, that the product 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 product candidate. Obtaining regulatory approval is a lengthy, expensive and uncertain process, and approval may not be obtained. If we submit a 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.

Regulatory authorities outside of China, such as the U.S. FDA, also have requirements for approval of therapeutic products 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 product 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 nonclinical 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.

Following any approval for commercial sale of our product candidates, certain changes to the product, such as changes in manufacturing processes and additional labeling claims, may be subject to additional review and approval by the NMPA, the U.S. FDA and comparable regulatory authorities. Also, regulatory approval for any of our product candidates may be withdrawn.

We have limited experience in filing for regulatory approval for our product candidates, and we have not yet demonstrated the ability to receive regulatory approval for our product candidates. As a result, our ability to successfully obtain regulatory approval for our product candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with substantial experience in obtaining regulatory approvals.

If we are unable to obtain regulatory approval for our product 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 product 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 product candidate in the future.

We have no experience in launching or marketing products. If we are unable to establish adequate marketing and sales capabilities, or to effectively build and manage our sales network, we may not be able to generate revenue from our product candidates after they are approved for marketing.

We have not yet demonstrated an ability to launch and commercialize any of our product candidates. As a result, our ability to successfully commercialize our product candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with experience launching and marketing product candidates.

We have formulated commercialization plans for our product candidates, and we have begun to develop internal sales and marketing capabilities for our product candidates. However, as currently there is no approved CAR-T therapy in China, we may face a greater risk associated with marketing CAR-T therapies in China in general as compared to commercializing other types of therapeutic solutions that have achieved wide market acceptance. In addition, we have to compete with other biopharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. In addition, assembling an in-house marketing organization and sales force, or establishing effective external marketing channels through distributors or CSOs, may require significant capital expenditures, management resources and time. Therefore, there can be no assurance that we will be able to successfully develop and maintain in-house marketing and sales capabilities sufficient to support our future approved drug products.

We may also pursue collaborative arrangements regarding the sales and marketing of our product candidates. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or to secure adequate and effective sales force. Generation of revenue from our product candidates after they are approved for marketing will at least partly depend upon the efforts of such third parties, which may not be successful. We may 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 product candidates ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts of our product candidates. We cannot assure you that we will be able to establish or maintain relationships with third-party collaborators to successfully commercialize our product candidates, and as a result, we may not be able to generate product revenue.

The market opportunities for our product candidates may be limited to those patients who are ineligible for or have failed prior treatments and may be small, and our projections regarding the size of the addressable market may be incorrect.

The field of cancer treatment has advanced rapidly in recent decades, progressing from surgery and radiotherapy, to chemotherapy and, more recently, to targeted drugs and immune-oncology therapies including cell therapies. Medication treatment with chemotherapy, targeted drugs and immune-oncology therapies can be characterized as first-line, second-line or third-line based on the timing of the treatment. First-line treatment or therapy simply refers to the initial, or first treatment recommended for the cancer, which, for most people, is expected to provide the best results with the fewest number of side effects. In contrast, second-line treatments are used when the first-line treatment failed to improve a cancer, or if the first-line worked initially before and then the cancer progressed. Third-line treatment may be adopted if previous treatments failed.

We expect to initially seek approval of our product candidates for patients who have failed other approved treatments. Subsequently, for those product candidates that prove to be sufficiently safe and effective, we would expect to seek approvals for them as earlier-line therapies. However, there is no guarantee that our product candidates, even if approved, would be approved for second line or first line therapy. In addition, we may have to conduct additional clinical trials at a much larger scale prior to gaining approval for second line or first line therapy.

Our projections of both the number of people who have the types of cancers that our product candidates target, as well as the subset of people with these cancers in a position to receive third line therapy and who have the potential to benefit from treatment with our product candidates, are based on our beliefs and estimates. These estimates have been derived from a variety of sources, such as scientific literature, surveys of clinics, patient foundations, or market research, and they may prove to be incorrect. Regulatory authorities also may establish narrower definitions around when a patient is ineligible for other treatments than we have used in our projections, and that would reduce the size of the patient population eligible for our product candidates. Further, new studies may change the estimated incidence or prevalence of

these cancers. The number of patients may turn out to be lower than expected. Additionally, the potentially addressable patient population for our product candidates may be limited or may not be amenable to treatment with our product candidates.

Our market opportunities may also be limited by competitor treatments that may enter the market. See the risk factor below "Risks Relating to Our Business — Risks Relating to Our General Operations — We operate in a rapidly changing industry and we face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do."

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

Even if we obtain marketing approvals from the NMPA, the U.S. FDA or other comparable regulatory agencies and are able to initiate commercialization of our product candidates, such product candidates may not achieve adequate market acceptance among physicians, patients, third-party payors and others in the medical community, thus may not be commercially successful. For example, the physicians and patients may perceive CAR-T therapies as riskier than more conventional cancer treatment options such as chemotherapy and radiation therapy, and may continue to rely on those treatments, if available, to the exclusion of our product candidates. It may also take a longer time in China establish market acceptance of CAR-T therapies as currently there is no approved CAR-T therapy in China. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the clinical indications for which our product candidates are approved;
- physicians, hospitals, cancer treatment centers, and patients considering our product candidates as a safe and effective treatment;
- the effectiveness of the training for physicians, hospitals and cancer treatment centers;
- hospitals and cancer treatment centers establishing and expanding the infrastructure required for the administration of redirected CAR-T therapies;
- the potential and perceived advantages of our product candidates over alternative treatments;
- the prevalence and severity of any side effects;
- product labeling or product insert requirements of the NMPA, the U.S. FDA or other comparable regulatory authorities;

- limitations or warnings contained in the labeling approved by the NMPA, the U.S. FDA or other comparable regulatory authorities;
- the timing of market introduction of our product candidates as well as competitive products;
- the cost and affordability of our product candidates and alternative treatments;
- the amount of upfront costs or training required for physicians to administer our product candidates;
- the availability of coverage, adequate reimbursement, and pricing by third-party payors and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of comprehensive coverage and reimbursement by third-party payors and government authorities;
- relative convenience and ease of administration, including as compared to alternative treatments and competitive therapies; and
- the effectiveness of our sales and marketing efforts and distribution support.

Our efforts to educate physicians, patients, third-party payors and others in the medical community on the benefits and risks of our products, if approved, may require significant resources and may be ineffective, incomplete or unsuccessful. Such efforts may require more resources than are typically required by more conventional treatment options due to the complexity and uniqueness of our product candidates. For example, although we are not utilizing embryonic stem cells or replication competent vectors, adverse publicity due to the ethical and social controversies surrounding the therapeutic use of such technologies, and reported side effects from any clinical trials using these technologies or the failure of such trials to demonstrate that these therapies are safe and effective, may limit market acceptance of our product candidates. Furthermore, while the genetic modifications we use in our product candidates and the raw materials we use in making our product candidates have not been associated with any transformational event in human trials, the potential that our product candidates could produce or develop autonomous or unregulated growth is possible, which may significantly impact the perception of medical community and patients on the safety of our products. Because we expect sales of our product candidates, if approved, to generate substantially all of our product revenue for the foreseeable future, the failure of our product candidates to achieve market acceptance would have a material adverse impact on our business and may require us to seek additional financing.

Moreover, even if our approved product 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 product candidates, are more cost effective or render our product candidates obsolete.

Our products when commercialized may become subject to unfavorable pricing regulations, or to unfavorable changes in national or third-party reimbursement practices, which could negatively affect our business.

There has been heightened governmental scrutiny in China, the United States and other major jurisdictions of pharmaceutical pricing practices in light of the rising cost of pharmaceutical products. For example, in China, the central government has recently announced its intension to revise and introduce more measures on the centralized procurement of pharmaceutical products, price management and setting up standards on charges for medical consultants and prescriptions, all for the purpose of reducing people's medical expenses. In the United States, the scrutiny of pharmaceutical pricing practices has resulted in several Congressional inquiries and proposed and enacted federal legislation designed to, among other things, bring more transparency to pricing of pharmaceutical products, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products. Pricing for one or more of our products could become subject to governmental control even after initial approval to market the relevant product is granted, which could delay our commercial launch of the product and negatively impact our revenues. If the PRC or United States government issue pricing guidance for our commercialized products, such guidance may negatively affect the price at which we can sell our products and therefore may have a material adverse effect on our business and results of operations.

Our ability to commercialize any approved product candidates successfully also will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations. A primary trend in the global healthcare industry is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications.

For example, in China, the Ministry of Human Resources and Social Security of China with other government authorities, review the inclusion or removal of drugs from China's National Drug Catalog for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance, or the National Reimbursement Drug List (the "**NRDL**") 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 product candidates will be included in the NRDL. Products included in the NRDL are typically generic and essential drugs. Innovative drugs similar to our product 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, our revenue from commercial sales would be highly dependent on patient self-payment, which can make our products less competitive and achieve less market acceptance than we anticipated, even in light of the reduced cost of production that we expect to realize. Additionally, even if the Ministry of Human Resources and Social Security of the PRC were

to accept our application for the inclusion of products in the NRDL, 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.

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

There may be significant delays in obtaining reimbursement for approved product candidates, and coverage may be more limited than the purposes for which the product candidates are approved by the NMPA or other regulatory authorities. Moreover, eligibility for reimbursement does not imply that any pharmaceutical product 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 product and the clinical setting in which it is used, may be based on payments allowed for lower-cost products that are already reimbursed, and may be incorporated into existing payments for other services. Net prices for products 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 China. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any future commercialized products and any new products that we develop could have a material adverse effect on our business, our operating results, and our overall financial condition.

Other downward pressure in the pricing of our products when commercialized may have a material adverse effect on our business and results of operations.

In addition to governmental price control measures, we may experience downward pressure in pricing of our product candidates from other sources, some of which may be beyond our control. For example, competing products, once approved for marketing, may allow our future customers to gain more bargaining power to lower the retail prices of our product candidates in light of the availability of alternative products. Similarly, as CAR-T cell therapy gradually gain market acceptance, more competing CAR-T products that target the same indications as our product candidates may become available for hospitals and patients to choose, therefore would decrease our bargaining power to set price for our product candidates. Furthermore, with the development of technologies and increasing competition in the industry, we may need to lower the price for our product candidates in light of the potential launch and

commercialization of competing products that tackle similar indications with improved efficacy and safety profile. If we experience such downward pressure in the pricing of our product candidates, our revenues from sales of product candidates will decrease, which may have a material adverse effect on our business and results of operations.

Guidelines, recommendations and studies published by various organizations could disfavor our product candidates.

Government agencies, professional societies, practice management groups, private health and science foundations and organizations focused on various diseases may publish guidelines, recommendations or studies that affect our or our competitors' product candidates. Any such guidelines, recommendations or studies that reflect negatively on our product candidates, either directly or relative to our competitive product candidates, could result in current or potential decreased use, sales of, and revenues from one or more of our product candidates. Furthermore, our success depends in part on our and our partners' ability to educate healthcare providers and patients about our product candidates, and these education efforts could be rendered ineffective by, among other things, third-parties' guidelines, recommendations or studies.

The increasing use of social media platforms presents new risks and challenges.

Social media are increasingly used by patients to communicate about the diseases that our product candidates are designed to treat, which poses risks and challenges for us. For example, patients may use social media channels to comment on the effectiveness of a product or report alleged adverse events. We may not be able to closely monitor every one of such posts or comments, therefore may not be able to fully comply with applicable adverse events reporting obligations. We also may not be able to defend ourselves due to restrictions on what we are allowed to comment about our product candidates. We also face risks arising from inappropriate disclosure of sensitive information or from negative or inaccurate posts or comments about us on social networking websites. If any of these events occur or we otherwise fail to comply with applicable regulations, we may incur liability, face regulatory actions or incur other harms to our business.

Risks Relating to Our Intellectual Property Rights

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

Our success depends in large part on our ability to protect our proprietary technologies and product candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. We seek to protect the product candidates and technologies 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 are unable to obtain and maintain patent and other intellectual property protection with respect to our product candidates and technologies, our business, financial condition, results of operations and prospects could be materially harmed.

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, to 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 pursuing or may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any future patents to be issued will provide sufficient protection from competitors or other third parties.

The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, defend or enforce all necessary or desirable patent applications or patents 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 products in all such fields and jurisdictions. Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior art, deficiencies in the patent applications, or the lack of novelty or inventive step of the invention or technology claimed in the patent applications.

The laws and regulations governing patent rights and patent applications differ between jurisdictions. For example, China has a heightened requirement for disclosures in patent applications and, specifically, requires a detailed description of medical uses of a claimed drug. Many jurisdictions have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties under special circumstances. In addition, many jurisdictions limit the enforceability of patents against government agencies or government contractors. In these jurisdictions, the patent owner may have limited remedies, which could materially diminish the value of such patents. If we are forced to grant licenses to third parties with respect to any patents relevant to our business, our competitive position may be materially impaired and our business, financial condition, results of operations, and prospects may be adversely affected.

It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. 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. In addition, publications of discoveries in the scientific literature often lag behind

the actual discoveries, and patent applications in China, the United States and other jurisdictions are typically not published until 18 months after their earliest priority dates, 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 patent application to protect such inventions. Furthermore, China and the United States have adopted the "first-to-file" system in 1984 and 2013, respectively, under which whoever first files a patent application on the same invention will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, if a third party can establish that we were not the first to file patent applications on such inventions, our patent applications may not issue as patents and even our patents, if issued, may be challenged or invalidated or ruled unenforceable, and third parties may be granted a patent covering a technology which have also 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 made in China is required to report to the China National Intellectual Property Administration, or CNIPA, for confidentiality examination. Otherwise, if an application is later filed in China, the patent right may not be granted. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, result of operations and prospects. The most recently amended PRC Patent Law was promulgated on October 17, 2020 and will take effect from June 1, 2021. We believe that the PRC Patent Law of 2021 has no material impact on the existing patent registered and applied by the Company. For further details, please refer to the section headed "Regulatory Overview" in this Prospectus.

The claim scope in a patent application can be significantly reduced before the patent application issues into a patent, and its scope can be reinterpreted after issuance. Even our patent applications eventually issue into patents, the patent claims may not be in a form or with a scope 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 may be challenged, narrowed, circumvented, or invalidated by third parties. In addition, the patent position of biopharmaceutical and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patent rights may be challenged in courts or patent offices in China, the United States and other jurisdictions. We may be subject to a third-party pre-issuance submission of prior art to, or a third-party post-grant opposition in, the patent office in a jurisdiction, or challenging the validity of one or more claims of our patents in courts. Such submissions may also be made prior to a patent's issuance, precluding the granting of a patent based on one of our pending patent applications. We may become involved in opposition, derivation, invalidation, revocation, re-examination, post-grant review, *inter partes* review, or interference proceedings or similar proceedings in foreign jurisdictions challenging our patent rights or the patent rights of others. In addition, a third party may claim that our patent rights

are invalid or unenforceable in a litigation. The outcome following legal assertions of invalidity and unenforceability is unpredictable. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, rule unenforceable or invalidate, certain of our patent rights, which could allow third parties to commercialize our technology or product candidates, and compete directly with us without payment to us, or result in our inability to manufacture or commercialize product candidates without infringing, misappropriating or otherwise violating third-party patent rights. Moreover, we may have to participate in interference proceedings declared by the patent office of a jurisdiction to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge the priority of our invention or other features of patentability of our patents and patent applications. Such challenges and proceedings may result in loss of patent rights or freedom to operate, loss of exclusivity or patent claims being narrowed, invalidated or held unenforceable, any of which could limit our ability to stop others from using or commercializing similar or identical technology and products, or could limit the duration of the patent protection of our technology and product candidates. Such proceedings also may result in substantial costs and require significant time from our scientists and management, even if the eventual outcome is favorable to us. Consequently, we do not know whether any of our technology or product candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

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

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

Our intellectual property rights may be subject to priority disputes or inventorship disputes and similar proceedings. If we are unsuccessful in any of these proceedings, we may be required to obtain licenses from third parties, which may not be available on commercially reasonable terms or at all, or to cease the development, manufacture and commercialization of one or more of the product candidates we may develop, which could have a material adverse impact on our business.

During the Track Record Period, we were not subject to claims brought by former employees, collaborator or other third parties who had an interest in our patents or other intellectual property. However, we may be subject to such claims in the future. If we are unsuccessful in any interference proceedings or other priority or validity disputes (including any patent oppositions) to which we are subject, we may lose valuable intellectual property rights through the loss of one or more patents or our patent claims may be narrowed, invalidated, or held unenforceable. In addition, if we are unsuccessful in any inventorship disputes to which we are subject, we may lose valuable intellectual property rights, such as freedom to operate or exclusive ownership of or right to intellectual property that is important to our product candidates. If we are unsuccessful in any interference proceeding or other priority or inventorship dispute, our ability to preclude others from using or commercializing similar product candidates or technology without payment to us could be limited. Such challenges may also result in our inability to develop, manufacture or commercialize our product candidates without infringing third-party patent rights, therefore may force us 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 product candidates. The loss of exclusivity or the narrowing of our patent claims could limit our ability to stop others from using or commercializing similar or identical products. Any of the foregoing could result in a material adverse effect on our business, financial condition, results of operations or prospects. Even if we are successful in an interference proceeding or other similar priority or inventorship disputes, it could result in substantial costs and be a distraction to our management and other employees.

We may be involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming, and unsuccessful, leading our patent or other intellectual property rights to be found invalid or unenforceable.

Competitors or other third parties may challenge the validity and enforceability of our patents or infringe, misappropriate or otherwise violate our other intellectual property rights. To counter infringement, misappropriation or any other unauthorized use, litigation may be necessary to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our intellectual property rights. Litigation and other proceedings in connection with any of the foregoing claims can be expensive and time-consuming, and, even if resolved in our favor, may cause us to incur significant expenses and could distract management and our scientific and technical personnel from their normal

responsibilities. We may not prevail in any lawsuits that we initiate, and the damages or other remedies award, if any, may not be commercially meaningful. In addition, in an infringement proceeding or a declaratory judgment action, a court may decide that one or more of our patents are not valid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. Any claims that we assert against perceived infringers and other violators could also provoke these parties to assert counterclaims against us alleging that we infringe, misappropriate, or otherwise violate their intellectual property rights.

Moreover, we may not be able to uncover infringement against our patents. Even if we uncover infringement by a third party of any of our patents, we may choose not to pursue litigation against or settlement with such third party. If we later sue such third party for patent infringement, the third party may have certain legal defenses available to it, which otherwise would not be available except for the delay between when the infringement was first uncovered and when the suit was brought. Such legal defenses may make it impossible for us or our licensors to enforce our patents against such third party.

Third parties may also raise similar claims before administrative bodies in China or abroad, even outside the context of litigation. Such mechanisms include re-examination, invalidation, *inter partes* review, post-grant review, and equivalent proceedings in foreign jurisdictions, such as opposition or derivation proceedings. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of our patents, for example, we cannot be certain that there is no invalidating prior art of which we, our patent counsel, and the patent examiner were unaware during prosecution. If a defendant or another party were to prevail on the ground of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidates, leaving our technology or product candidates without patent protection and allowing third parties to commercialize our technology or product candidates and compete directly with us, without payment to us. We could be required to obtain license rights from the prevailing party in order to be able to manufacture or commercialize our product candidates without infringing third party patent rights. Even if a defendant or another party does not prevail on a legal assertion of invalidity or unenforceability, our patent claims may be construed in a narrower manner that would limit our ability to enforce such claims against the defendant or another party. Moreover, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize our product candidates.

Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce or defend their intellectual property rights than we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon, misappropriating, or otherwise violating our intellectual property rights. An adverse result in any litigation or defense proceeding could put one or more of our patents at risk of

being invalidated, held unenforceable, or interpreted narrowly and could put our patent applications at risk of not being allowed. Defense of these claims, regardless of their merit, would involve substantial litigation expense and become a substantial diversion of employee resources from our business.

Ownership disputes may be brought by third parties relating to our patents or patent applications. An unfavorable outcome could harm our business and prospects. For additional discussion, see the risk factor headed "Our intellectual property rights may be subject to further priority disputes or inventorship disputes and similar proceedings. If we are unsuccessful in any of these proceedings, we may be required to obtain licenses from third parties, which may not be available on commercially reasonable terms or at all, or to cease the development, manufacture and commercialization of one or more of the product candidates we may develop, which could have a material adverse impact on our business."

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our Shares.

Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, and the outcome of such legal proceedings would be uncertain. Such proceedings could be costly and time consuming to defend, and could prevent us from developing or commercializing our product candidates, or delay the development or commercialization process.

Our commercial success depends in part on our ability to avoid infringing, misappropriating, or otherwise violating patent and other intellectual property rights of third parties, including public bodies, private institutions and corporates. In particular, the CAR-T therapy industry, on which we primarily focus, is rapidly growing and there are an increasing number of patents registered in respect of such product candidates. In order to minimize the risk of infringing the intellectual property rights of others, prior to developing major new products, we evaluate existing intellectual property rights held by third parties and assess the potential risk of infringement. However, our efforts to identify, assess and avoid infringing on, third parties' intellectual property rights may not always be successful. There may be third-party patents or patent applications which we are currently unaware of, or in respect of which our initial assessment proves incorrect, and given the dynamic nature of the industry in which we operate, it is expected that more and more patents will be issued in China, US and our other target markets that relate to aspects of our business. As the global CAR-T therapy industry further expands and more patents are issued, the risk that our products may give rise to intellectual right disputes further increases.

Companies operating in our industry routinely seek patent protection for their product designs, and many of our competitors have large patent portfolios. For example, while we are not aware of any third-party issued patents or patents that may be issued from the published pending patent applications outside the U.S. that may be infringed by the expected commercial use of our CLDN18.2 (CT041) and GPC3 CAR-T (CT011), we are aware of a third-party patent in the United States in respect of these two product candidates. The patent has very broad claims, so it might be alleged that certain features of our CLDN18.2 and GPC3 CAR-T product candidates fall within the claims of such patent. Therefore, the third party may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating its intellectual property rights in connection with the commercialization of the relevant products in the United States. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings which allege that we were infringing, misappropriating or otherwise violating any intellectual property right of any third party. As advised by our intellectual property legal adviser, the risk that we are found by courts or other competent authorities in the United States to have infringed on the patent rights of such third party is remote, because the third-party patent is more likely than not to be found invalid under one or more provisions of the U.S. patent law.

Whether a product infringes a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain, and the burden of proof required to successfully challenge a third-party patent may be high. As such, if we were involved in any such proceedings, we cannot assure you that the outcome would be in our favor. Defending ourselves against intellectual right infringement allegations, regardless of their merit, would be expensive and time consuming, and would be a substantial diversion of our resources and our management team's attention.

If we were found by courts or other competent authorities to have infringed on the patent or other intellectual property rights of third parties, we may be subject to injunctive or other equitable relief, which could prevent us from commercializing our product candidates, or at least delay the commercialization process, and we may have to pay substantial damages and/or other payments to the infringed parties. Alternatively, we may have to enter into royalty or licensing agreements with third parties in order to obtain the right to use their intellectual property, which agreements may not be available on terms acceptable to us, or at all. If we were unable to obtain such a license on reasonably acceptable terms, we might not be able to commercialize our product candidates, which could harm our business significantly. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us. We may also have to redesign the relevant products, which, even if feasible, would require us to spend substantial time, costs and other resources.

Even if the litigations or other proceedings are resolved in our favor, our involvement in such proceedings may attract publicity, which may be perceived by securities analysts and/or investors to be negative news, thereby having a substantial adverse effect on our reputation, brand name, and the market price of our Shares.

Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

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 the CNIPA, USPTO and other patent agencies in other jurisdictions in several stages over the lifetime of a patent. The CNIPA, USPTO, and various other patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance can result in abandonment, loss of priority 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 examination reports or office actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In any such event, our competitors or other third parties might be able to enter the market, which would have a material adverse effect on our competitive position, business, financial condition, result of operations and prospects.

We rely substantially on our trade secrets and other confidential information, including unpatented know-how, and if we are unable to successfully protect the confidentiality of our trade secrets, information and know-how, our business and 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.

In addition to our patents and pending patent applications, we rely on trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our product candidates. We seek to protect our trade secrets and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to them, such as our employees, collaborators, sponsored researchers, contract manufacturers and other relevant third parties. However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets and confidential information by the parties to these agreements. Monitoring unauthorized uses and disclosures is difficult and we cannot assure that the steps we have taken to protect our proprietary technologies will be effective. Any of the parties with whom we enter into confidentiality agreements may breach or violate the terms of any such agreements and may disclose our proprietary information, and we may not be able to obtain adequate remedies for such breach or violation. As a result, we could lose our trade secrets and third parties could use our trade secrets to compete with our product candidates and technologies. Additionally,

we cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or confidential information. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

Furthermore, many of our employees were previously employed at other biopharmaceutical or pharmaceutical companies, including our competitors or potential competitors. Some of these employees, executed proprietary rights, non-disclosure or non-competition agreements in connection with such previous employment. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our senior management, but there is no assurance that we will not be subject to such claims or involved in litigations to defend against such claims in the future. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or be required to obtain licenses to such intellectual property rights, which may not be available on commercially reasonable terms or at all. Inability to incorporate or enforce such intellectual property rights would harm our business and may prevent us from successfully commercializing our product candidates. In addition, we may lose personnel as a result of such claims and any such litigation or the threat thereof may adversely affect our ability to hire employees or contract with independent contractors. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our product candidates and technologies, which would have a material adverse effect on our business, results of operations, financial condition and prospects. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our employees and management.

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

lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against any of the foregoing claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

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

We own a number of trademarks and trademark applications in China, the United States and other jurisdictions. Our registered or unregistered trademarks and trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among medical professionals, patients, potential partners and other relevant parties in our markets of interest. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective, could divert management attention and our limited resources from other more productive activities, or result in substantial costs. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

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

Our future programs may involve additional product candidates that may require the use of proprietary rights held by third parties, and we may need to acquire and maintain licenses or other rights to use these proprietary rights. However, 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, we may have to abandon development of the relevant program or product candidate, which could have a material adverse effect on our business, financial condition, results of operations and prospects for growth.

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 product 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 any of our future licensors and collaborators might not have been the first to make the inventions covered by the issued patent or pending patent application that we own or may license in the future;

- we or any of our future licensors and 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 intellectual property rights;

- it is possible that our pending patent applications will not lead to issued patents;

- patents that we hold rights to or that may be issued from our pending patent applications may not provide us with a competitive advantage, or may be held invalid or unenforceable, including as a result of legal challenges by our competitors or third parties;

- our competitors or other third parties might conduct research and development activities in jurisdictions 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 obtain patents for certain inventions many years before we obtain marketing approval for products containing such compounds, and because patents have a limited life, which may begin to run prior to the commercial sale of the related product, the commercial value of our patents may be limited;

- 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 for manufacturing our product candidates in the United States. If such third parties fail to provide us with product candidates with sufficient quantities or adequate quality, our clinical development will be adversely affected.

We currently rely on outside vendors for manufacturing the CAR-T product candidates used in our ongoing clinical trials in the United States. Before the completion of the construction of our manufacturing facility in the United States, we intend to continue to use third parties as part of our manufacturing process. Our anticipated reliance on a limited number of third-party manufacturing partners exposes us to the following risks:

- we may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited and the U.S. FDA must evaluate and/or approve any manufacturers as part of its regulatory oversight. This evaluation and/or approval would require new testing and good manufacturing practices compliance inspections by the U.S. FDA;
- our manufacturers may have little or no prior experience with autologous cell products, and therefore may require a significant amount of support from us in order to implement and maintain the infrastructure and processes required to manufacture our product candidates;
- our third-party manufacturing partners might be unable to timely manufacture reagents and materials used in the manufacture of our product candidates, or produce the quantity and quality required to meet our clinical and commercial needs, if any;
- our contract manufacturers may not perform as agreed, may not devote sufficient resources to us, or may not remain in the contract manufacturing business for the time required to supply our clinical trials or to successfully produce, store, and distribute the materials or reagents used in the manufacture of our product candidates;

- manufacturers are subject to ongoing periodic unannounced inspection by the regulatory authorities to ensure strict compliance with GMP and other government regulations. We do not have control over third-party manufacturing partners' compliance with these regulations and standards;

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

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

- our third-party manufacturing partners could breach or terminate their agreement with us;

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

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

Each of these risks prevent us from obtaining CAR-T product candidates with sufficient quantity and adequate quality to support our clinical trials in North America, and therefore could delay or prevent the completion of our clinical trials or the approval of any of our drug candidates, result in higher costs, or adversely impact commercialization of our future approved drug candidates. In addition, we will rely on third parties to perform certain specification tests on our drug candidates prior to delivery to patients. If these tests are not appropriately done and test data are not reliable, patients could be put at risk of serious harm, and regulatory authorities could place significant restrictions on us until deficiencies are remedied, which may have a material negative impact on our business operations and prospects.

We engage CROs to conduct clinical trials. If the CROs do not successfully carry out their contractual duties, comply with good clinical practice and ethical standards of clinical trial conduct, or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates in the United States, and our business could be substantially harmed.

We have engaged in the past and plan to continue to work with third-party collaborators, such as CROs to generate, monitor or manage data for our ongoing clinical programs in North America. We engage these parties to execute certain aspects of our clinical trials. 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 CROs does not relieve us of our regulatory responsibilities. We, our CROs for our clinical programs and our clinical investigators are required to comply with GCPs, which are regulations and guidelines enforced by the U.S. FDA and other comparable regulatory authorities for all of our products in clinical development. 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 U.S. FDA or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our registrational clinical trials must be conducted with product produced under GMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

If any of our relationships with these third-party CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. 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 clinical and nonclinical programs. 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 product candidates. As a result, our results of operations and the commercial prospects for our product 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.

We rely, and expect to continue to rely, on independent principal investigators and other third parties to conduct the clinical trials for our product candidates. We do not have full control over the conduct of such trials and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials or failing to comply with applicable regulatory requirements.

We depend and will continue to depend upon top-tier hospitals and reputable independent principal investigators in China, the United States and in other regions where our clinical trials are conducted to carry out our clinical trials, including both investigator-initiated trials and clinical trials initiated by us. Agreements with such third parties might terminate for a variety of reasons, including a failure to perform by the third parties. If we need to enter into alternative arrangements, our product development activities would be delayed. In addition, in particular for investigator-initiated trials, the impaired reputation of, or misconduct by, a principal investigator, even if not relevant to the clinical trials of our product candidates, may adversely impact our clinical development process, such as resulting in delays of the clinical trials or potentially affecting the regulatory authorities' perception on the reliability of the data derived from the studies conducted by such principal investigator, and may cause other potential damages such as negatively affect our reputation.

Our reliance on these third parties for clinical development activities may reduce our control over these activities, in particular in the setting of investigator-initiated trials where we do not control the behavior of the principal investigators or the accuracy or integrity of the date generated in those trials. However, our reliance on third parties will not relieve us from responsibilities. For example, we will remain responsible for ensuring that clinical trials of our product candidates initiated and sponsored by us are conducted in accordance with the general investigational plan and protocols for the trials. Principal investigators and other third parties in clinical trials of our product candidates may not perform their agreed-upon responsibilities on our anticipated schedule or consistent with clinical trial protocols or applicable regulations. Furthermore, any data integrity issues or patient safety issues arising out of any of these trials may be beyond our control, yet could adversely affect our reputation and damage the clinical and commercial prospects for our product candidates. Additional risks include difficulties or delays in communicating with investigators or administrators, procedural delays and other timing issues, and difficulties or differences in interpreting data. As a result, our potentially limited control over the conduct of principal investigators, particularly in investigator-initiated trials, and other parties and over the timing of, and communications with the NMPA, the U.S. FDA and other comparable regulatory authorities regarding clinical trials may expose us to risks and uncertainties, many of which are outside our control, and the occurrence of which could adversely affect the prospects for our product candidates.

Moreover, the NMPA, the U.S. FDA and other comparable regulatory authorities require us to comply with standards commonly referred to as good laboratory practices and good clinical practices for conducting, recording and reporting the results of preclinical and clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. We are also required to register certain ongoing clinical trials and post the results of certain completed clinical trials on a

government-sponsored database within specified time frames. Failure to do so by us or third parties can result in the refusal of relevant regulatory authorities to approve applications based on the clinical data, enforcement actions, adverse publicity and civil and criminal sanctions.

Furthermore, the third parties we work with may also have relationships with other entities, some of which may be our competitors, and may not fully commit to our trials. If these third parties do not carry out their contractual duties, or fail to meet expected deadlines or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for our product candidates and will not be able to, or may be delayed in our efforts to, successfully commercialize our product candidates.

In addition, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and may receive cash compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, or the NMPA, the U.S. FDA or other comparable regulatory authorities conclude that the financial relationship may have affected the interpretation of the trial, the integrity of the data generated at the applicable clinical trial site may be questioned and the utility of the clinical trial itself may be jeopardized, which could result in the delay or rejection by the relevant regulatory authorities. Any such delay or rejection could prevent us from commercializing our clinical-stage product candidates or any future product candidates.

RISKS RELATING TO OUR GENERAL OPERATIONS

We operate in a rapidly changing industry and we face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.

The development and commercialization of new cell-based therapies is highly competitive and subject to rapid and significant technological advancements. We face competition from major multi-national pharmaceutical companies, biotechnology companies and specialty pharmaceutical companies with respect to our current and future product candidates that we may develop and commercialize in the future. There are a number of large pharmaceutical and biotechnology companies that currently market and sell cell-based anti-tumor products or are pursuing the development of cell-based product candidates for the treatment of cancer, including hematological cancers and solid tumors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Potential competitors also include academic institutions, government agencies and other public and private research organizations. Due to their promising clinical therapeutic effect in clinical exploratory trials, engineered T cell therapies, redirected T cell therapies in general and antibody-drug conjugates are being pursued by multiple biotechnology and pharmaceutical companies. For additional information on potential competition, see "Business — Competition" in this Prospectus.

We believe we are able to establish a favorable competitive position by developing CAR-T product candidates that are potentially safer and more effective. Our Core Product, CT053, has demonstrated favorable safety and promising efficacy for the treatment of R/R MM. In the investigator-initiated trials and our Phase I clinical trials in China and the United States, there was no Grade 3 or above CRS or treatment-related patient death. The interim efficacy data in those clinical trials also suggest that CT053 is effective even in challenging R/R MM patient populations with a significant percentage of EMD patients. In addition, we are utilizing our proprietary technologies, such as CycloCAR, Combo-CAR and THANK-uCAR, to address various challenges facing the CAR-T treatment, in particular in the solid-tumor setting, to improve the safety and efficacy of the treatment. For additional information, see "Business — Our Product Pipeline." However, some of our competitors, either alone or with their strategic collaborators, may have substantially greater financial, technical and human resources than we do. Accordingly, such competitors may be able to develop and commercialize product candidates that are more effective, have fewer or less severe side effects, are more convenient, or are less expensive or better reimbursed than any product candidates that we may develop or commercialize. Our competitors may also obtain approval from the NMPA, the U.S. FDA or other comparable regulatory authorities for their product candidates 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. If any of the foregoing scenarios materializes, our product candidates may be rendered obsolete or non-competitive before we can recover expenses of developing and commercializing any of our product candidates, and our commercial opportunity could be reduced or eliminated.

Mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our research and development programs.

Our future success depends on our ability to retain key executives and to attract, motivate, train and retain highly qualified and skilled personnel.

We are highly dependent on Dr. Zonghai Li, our co-founder, CEO and Chief Scientific Officer and on 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. Although it is feasible to do so, we do not maintain key-person insurance for any of our executives or other employees and we currently do not plan to purchase key-person insurance in the near future which is in line with what we believe is the biotech industry norm. The loss of the services of any of these persons could impede the achievement of our research, development and commercialization objectives.

To incentivize 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. Although we have employment agreements with our key employees, any of our employees could leave our employment so long as the applicable notice requirements are met.

Recruiting and retaining qualified scientific, technical, clinical, manufacturing, and sales and marketing personnel in the future will also be critical to our success. 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 or key employees 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 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.

Our business operations have been adversely affected by the COVID-19 outbreak, may in the future continue to be affected by the COVID-19 outbreak, and may be affected by other health epidemics or outbreaks of contagious diseases.

The outbreak of COVID-19 has materially and adversely affected the global economy. In response, countries across the world, including China and the United States, have imposed widespread lockdowns, closure of work places and restrictions on mobility and travel to contain the spread of the virus. Our business operations have been adversely affected by the COVID-19 outbreak. For example, the governmental lockdown and other restrictive measures had resulted in reduced mobility of our employees, causing some of our employees to work remotely during the COVID-19 outbreak. Our clinical trials were also delayed due to, among others, suspension of patient enrollment and diversion of medical resources away from clinical trials. To the extent that we had to temporarily close our facilities or limit their occupancy, our research and development programs were forced to be suspended or postponed. Moreover, the reduced transportations and disruption to logistics networks in China and the United States due to the COVID-19 outbreak temporarily affected our ability to transport the collected patient samples to our manufacturing facilities and ship the CAR-T cells back to clinical sites.

While we have employed various measures to mitigate the impacts of the COVID-19 outbreak on our business operations, we cannot assure you that our efforts will always be efficient. For example, although the PRC government has gradually contained the spread of COVID-19 in China, we are uncertain as to whether there will be future outbreak of COVID-19 in China, and we do not know when the COVID-19 pandemic will be completely contained in the United States or globally. The ultimate impact of the COVID-19 is highly uncertain, and will depend on certain developments, including the duration and spread of the outbreak, the potential variations of the virus that render approved vaccines less effective or ineffective, the impacts on our trial sites, GMP facilities, CDMOs, CROs and other third parties with whom we do business, as well as the impact on regulatory authorities and our key scientific and management personnel. We may in the future experience additional disruptions that could materially and adversely impact our business operations, including but not limited to:

- delays in the development, conduct or data collection, or analysis of our clinical trials;
- delays or difficulties in enrolling patients in our clinical trials;
- delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;
- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;
- interruption of key clinical trial activities, such as clinical trial site monitoring and follow-up site visits, due to limitations on travel imposed or recommended by State Council or provincial governments, employers and others;
- limitations in employee resources that would otherwise be focused on the conduct of our clinical trials, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people;
- delays in receiving approval from regulatory authorities to initiate our planned clinical trials;
- delays in clinical sites receiving the supplies and materials needed to conduct our clinical trials;
- interruption in global shipping and supply chain that may affect the transport of clinical trial materials and products;

- changes in local regulations as part of a response to the COVID-19 coronavirus outbreak which may require us to change the ways in which our clinical trials are conducted, which may result in unexpected costs, or to discontinue the clinical trials altogether; and

- delays in necessary interactions with local regulators, ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees.

In addition, any future occurrence of force majeure events, natural disasters or outbreaks of other epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, swine influenza caused by the H1N1 virus or the Ebola virus, may materially and adversely affect our business, financial condition and results of operations. We cannot assure you that any future outbreaks of epidemics and contagious diseases or the measures taken by the Chinese government or other countries in response to such contagious diseases will not seriously disrupt our operations, which may materially and adversely affect our business, financial condition and results of operations.

Our reputation is key to our business success. Negative publicity and allegations involving us, our Shareholders, Directors, officers or employees may adversely affect our reputation, business and growth prospects.

Any negative publicity concerning us, our affiliates such as our Shareholders, Directors, officers, employees, or any entity that shares the "CARsgen" or "科濟" name, even if untrue, could adversely affect our reputation and business prospects. We cannot assure you that negative publicities about us or any of our affiliates or any entity that shares the "CARsgen" or "科濟" name would not damage our brand image or have a material adverse effect on our business, results of operations and financial condition. In addition, referrals and word of mouth have significantly contributed to our ability to establishing new partnerships. As a result, any negative publicity about us or any of our affiliates or any entity that shares the "CARsgen" or "科濟" name could adversely affect our ability to maintain our existing collaboration arrangements or attract new partners.

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

We had 405 employees as at the Latest Practicable Date. As our development and future commercialization plans and strategies evolve, we must add a significant number of additional managerial, operational, manufacturing, sales, marketing, financial and other personnel to support our growth. Our recent growth and any future growth will impose significant added 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 product candidates; and

- improving our operational, financial and management controls, reporting systems, and procedures.

Our future financial performance and our ability to commercialize our product 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 product candidates and, accordingly, may not achieve our research, development and commercialization goals.

We face risks associated with uncertainties relating to the interpretation and implementation of the Regulation for the Administration of Human Genetic Resources and other applicable laws and regulations.

The collection, preservation, usage and outbound provision of human genetic resources in the PRC are governed by Regulation for the Administration of Human Genetic Resources (中華人民共和國人類遺傳資源管理條例), or HGR Regulation, except for activities relating to human genetic resources conducted for some specific purposes including clinical diagnosis and treatment. Our collection, preservation and usage of human genetic resources in our research and development activities have been approved by or filed with the relevant regulatory authorities pursuant to the HGR Regulation. Our business operations do not involve transfer of human genetic materials from China to the U.S. but involve transfer of human genetic materials from the U.S. to China and we are in compliance with applicable laws.

Pursuant to HGR Regulation, there are some limitations for foreign entities, individuals and such entities established or actually controlled thereby ("**Restricted Entities**", and each, a "**Restricted Entity**") to engage in activities relating to human genetic resources. For example, a Restricted Entity is not allowed to collect or preserve human genetic resources of Chinese, while it is prohibited from using human genetic resources of the Chinese unless such Restricted Entity has filed with relevant government authority for international cooperation with a domestic entity. As advised by our PRC Legal Advisor, although an entity controlled, directly or indirectly, by foreign persons through shareholding ownership would be deemed as a Restricted Entity, HGR Regulation remains unclear as to whether a VIE entity controlled by a wholly foreign owned enterprise through contractual arrangements would be deemed as a Restricted Entity. We cannot assure you that our VIE entities will not be deemed as Restricted Entities in the future, given the lack of clear statutory interpretation regarding HGR Regulation. If our VIE entities are deemed as the Restricted Entities by relevant government

authority, our business would be adversely affected and we may have to obtain approval for our current business from the relevant government authority, which may be difficult or even impracticable and/or cooperate with domestic entities that are not Restricted Entities for purposes of the HGR Regulation and be required to obtain approvals or file with relevant government authority for such cooperation, which could result in additional cost and our business, financial condition and results of operations will be adversely affected.

We are or may become subject to a variety of privacy and data security laws, policies and contractual obligations, and our failure or failure of our third-party vendors or contractors to comply with them could harm our business.

We receive, collect, generate, maintain, transmit and process, and our third-party vendors or contractors maintain and process on our behalf, sensitive information, including confidential business and personal information, including health information in connection with our pre-clinical and clinical studies and our employees, and are subject to the relevant local, state, national and international data protection and privacy laws, directives, regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligation. Failure by us, our third-party vendors or contractors to comply with any of these laws and regulations could result in enforcement action against us, including fines, imprisonment of company officials and public censure, claims for damages by affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects. For additional information on our internal control measures with regard to patient data and privacy, see "Business — Internal Control."

In addition, the interpretation and application of data protection laws in China and elsewhere are often uncertain and in flux. Many statutory requirements include obligations for companies to notify individuals of security breaches involving certain personal information, which could result from breaches experienced by us or our third-party service providers. These laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. We also may be contractually required to notify customers or other counterparties of a security breach. Any contractual protections we may have from our third-party service providers, contractors or consultants may not be sufficient to adequately protect us from any such liabilities and losses, and we may be unable to enforce any such contractual protections.

Moreover, governments have been frequently amending existing laws and implementing regulations, requiring attention to changing regulatory requirements. We expect that there will continue to be new proposed laws and regulations concerning data privacy and security, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. New laws, amendments to or re-interpretations of existing laws, regulations, standards and other obligations may require us to incur additional costs and restrict our business operations. Because the interpretation and application of health-related and data protection laws, regulations, standards and other obligations are still uncertain, and often

contradictory and in flux, it is possible that the scope and requirements of these laws may be interpreted and applied in a manner that is inconsistent with our practices and our efforts to comply with the evolving data protection rules may be unsuccessful. If so, this could result in government-imposed fines or orders requiring that we change our practices, which could adversely affect our business. In addition, these privacy regulations may differ from country to country, and our operations or business practices may not comply with these regulations in each country.

Compliance with these and any other applicable laws, regulations, standards and obligations relating to data privacy, security and transfers is a rigorous and time-intensive process and may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. If we or our third-party vendors or contractors fail to comply with any such laws or regulations, we may face proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, penalties, judgments, negative publicity and reputational damage, and may otherwise materially and adversely affect our business, financial condition and results of operations. We may not be able to respond quickly or effectively to regulatory, legislative and other developments, and these changes may in turn impair our ability to offer our existing or planned product candidates or increase our cost of doing business. In addition, if our practices are not consistent or viewed as not consistent with legal and regulatory requirements, including changes in laws, regulations and standards or new interpretations or applications of existing laws, regulations and standards, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and reputational damage. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

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

We are subject to the anti-bribery laws of various jurisdictions including China and the United States. As our business has expanded, the applicability of the applicable anti-bribery laws to our operations has increased. Our procedures and controls to monitor anti-bribery compliance may fail to protect us from reckless or criminal acts committed by our employees or agents. If we, due to either our own deliberate or inadvertent acts or those of others, fail to comply with applicable anti-bribery laws, our reputation could be harmed and we could incur 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.

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

Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. If we obtain approvals from the NMPA, the U.S. FDA or other comparable regulatory authorities for any of our product candidates and begin commercializing those products in China, the U.S. or any other jurisdictions, our operations may be subject to various regulations, for example, the PRC and U.S. federal and state fraud and abuse laws, including, without limitation, the PRC Anti-Unfair Competition Law, PRC Criminal Law, the Federal Anti-Kickback Statute and the Federal False Claims Act, and physician payment sunshine laws and regulations. These laws may impact, among other things, our proposed sales, marketing and education programs. In addition, we may be subject to patient privacy laws and requirements, including, without limitation, the Civil Code of the PRC and the Good Clinical Practice for Clinical Trials. For additional information on our internal control measures with regard to anti-corruption, see "Business — Internal Control."

Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from federal and state healthcare programs such as Medicare and Medicaid and debarment from contracting with the PRC, the U.S. or other government. In addition, private individuals have the ability to bring actions on behalf of the U.S. government under the Federal False Claims Act as well as under the false claims laws of several states.

Law enforcement authorities are increasingly focused on enforcing the fraud and abuse laws, and it is possible that some of our practices may be challenged under these laws. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government-funded healthcare programs, which may also adversely affect our business.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines, penalties, damages or incur costs that could have a material adverse effect on the success of our business.

We 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. For additional information on our internal control measures with regard to compliance with environmental, health and safety laws, see "Business — Environmental Matters and Workplace Safety" and "Business — Internal Control." We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

Although we maintain Work-Related Injury 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, 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.

In addition, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Our employees, independent contractors, principal investigators, and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk of misconduct or other improper activities conducted by our employees, independent contractors, principal investigators or vendors. Such misconduct or improper activities may include failures to comply with regulations of the NMPA or other regulatory authorities, to provide accurate information to such regulators, to comply with manufacturing standards of our own or promulgated by applicable regulatory authorities, to comply with healthcare fraud and abuse laws, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and other business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of business activities, including, but not limited to, research, manufacturing, distribution, pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements.

Misconduct of our employees or relevant third parties could also involve the improper use of individually identifiable information, including, without limitation, information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation.

It is not always possible to identify and deter misconduct of our employees, independent contractors, principal investigators or vendors, and any precautions we take to detect and prevent improper activities may not be effective at all times in, for example, protecting us from governmental investigations or lawsuits. Any such actions instituted against us could have a significant impact on our business due to the potential outcomes resulted from the governmental investigation or lawsuit, such as the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, disgorgement of profits, imprisonment, possible exclusion from participation in government healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, additional reporting or oversight obligations.

Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our headquarters, research and development center, and commercial manufacturing facilities are located in Shanghai in China. We have also established operations in Houston, Texas in the United States. Our operations, and those of our vendors and contractors, could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics and other natural or man-made disasters or business interruptions, for which we are predominantly self-insured. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. For our clinical trials in the United States, we currently rely on third-party vendors to produce and process our product candidates on a patient-by-patient basis. We also rely on third parties to carry patient samples from clinical sites to our manufacturing facilities and transport manufactured CAR-T cells back to clinical sites. Our ability to obtain clinical supplies of our product candidates or maintain the necessary logistics could be disrupted if the operations of these third parties are affected by a man-made or natural disaster or other business interruption.

Our internal information technology systems, or those of our third-party vendors or contractors, may fail or suffer security breaches, which could result in a significant disruption of our product development programs, give rise to significant liability, subject us to costly and protracted litigation, cause significant reputational harm and adversely affect our ability to operate our business.

We are increasingly dependent upon information technology systems, infrastructure, and data to operate our business. In the ordinary course of business, we collect, store, and transmit confidential information (including but not limited to intellectual property, proprietary business information, and personal information). It is critical that we do so in a secure manner

to maintain the confidentiality and integrity of such information. We also have outsourced elements of our operations to third parties, and as a result we manage a number of third-party vendors and other contractors who have access to our confidential information.

Our internal information technology systems, as well as those of our current and any future third-party vendors and contractors, may be vulnerable to a variety of potential disruptions, including cyber-attacks by malicious third parties (such as computer viruses, harmful malware, ransomware, denial-of-service attacks, social engineering, and other means to affect service reliability and threaten the confidentiality, integrity, and availability of information), unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. In particular, the risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. We may not be able to anticipate all types of security threats, and we may not be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, may not be recognized until launched, and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations, or hostile foreign governments or agencies.

We had not experienced any significant system failure, accident or security breach during the Track Record Period and up to the Latest Practicable Date. However, there is no assurance that such incidents will not occur or will not cause interruptions in our operations or a loss of, or damage to, our data or applications. Such incidents and interruptions may also occur to our third-party vendors or contractors. As a result, we may experience disruptions of our development programs and our business operations, possibly due to a loss of our trade secrets or other proprietary information, significant delays or setbacks in our research, or other reasons. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur significant liability, our competitive position could be harmed, our reputation could be damaged, and the further development and commercialization of our product candidates could be delayed. In addition, any such event that leads to unauthorized access, use, or disclosure of personal information, including personal information regarding our customers or employees, could compel us to comply with breach notification laws and foreign law equivalents, subject us to mandatory corrective action, and otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information. The costs related to significant security breaches or disruptions could be material. If the information technology systems of our third-party vendors and contractors become subject to disruptions or security breaches, we may be exposed to material liability and have insufficient recourse against such third parties and we may have to expend significant resources to mitigate the impact of such an event, and to develop and implement protections to prevent future events of this nature from occurring.

In conducting product discovery and development, we face potential liabilities, in particular, product liability claims or lawsuits that could cause us to incur substantial liabilities, which may not be fully covered by our insurance.

We face an inherent risk of product liability as a result of the clinical testing and any future commercialization of our product candidates inside and outside China. For example, we may be sued if our product candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, 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 product 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 product 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; additional costs for enrollment of 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 product candidate; and a decline in the market price of our Shares.

To cover such liability claims arising from clinical trials, we purchase clinical trial insurance in the conduct of our clinical trials. However, 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 a 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.

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, time 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.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

We maintain insurance policies as required under applicable laws and regulations, as well as based on our assessment of our operational needs and industry practice. In China, our clinical trial insurance policies cover study-related accidents and adverse events in our clinical trials. In North America, we maintain insurance policies that cover accidents and adverse events in our clinical trials and also commercial general liability. See "Business — Insurance." In line with industry practice, we have elected not to maintain certain types of insurance, such as business interruption insurance or product liability insurance as we currently do not have commercialized products. We will explore purchasing product liability insurance as our product approaches commercialization, and we do not anticipate any material difficulty in procuring product liability insurance. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. 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.

We may not be able to renew our current leases or locate desirable alternatives for our offices and laboratories.

We lease properties for our offices and laboratories in China and in the United States. See "Business — Land, Properties and Facilities." We may not be able to extend or renew such leases on commercially reasonable terms, or if at all, as we will have to compete with other businesses for premises at desired locations. Rental payments may significantly increase as a result of high demand for the leased properties. Moreover, we may not be able to extend or renew such leases upon expiration of the current term and may therefore be forced to relocate the affected operations. This could disrupt our operations and result in significant relocation expenses. We may not be able to locate desirable alternative sites for our offices and laboratories. The occurrence of such events could materially and adversely affect our business, financial condition, results of operations and prospects.

Changes in international trade or investment policies and barriers to trade or investment, the ongoing conflict and trade tension between the United States and China may have an adverse effect on our business and expansion plans.

International market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical frictions. Changes to trade policies, treaties and tariffs, or the perception that these changes could occur, could adversely affect the financial and economic conditions in the jurisdictions in which we operate, as well as our overseas expansion, our financial condition and results of operations. For example, even if we are not subject to direct restrictions, a trade or political tension between China and the United States could have the effect of discouraging U.S. persons to work for Chinese companies like us which could hinder our ability to hire or retain qualified personnel in the United States and may adversely affect our expansion plans and establishment of clinical and commercial manufacturing facilities in the United States.

If the tensions between China and the United States do not improve or even worsen, or if the United States or other countries start imposing restrictions on exporting raw materials, research models and equipment necessary for our discovery, pre-clinical, clinical development and manufacturing activities, or imposing restrictions on the transfer of research data or technologies to China or the recognition of research data generated by Chinese biopharmaceutical companies, our business could be materially and adversely affected. In addition, our operations and future expansions in the United States may be affected by heightened regulatory requirements or scrutiny if the current U.S.-China disputes continue to escalate. For example, we may face heightened operational and regulatory barriers to integrate our businesses in China and the United States or to execute our plans to further expand our U.S. operations, and we may even lose control of or be forced to divest our U.S. operations. If any of such events materializes, we may experience material impediment to execute our growth plan or develop product candidates that are approved by the U.S. FDA to be marketed in the United Sates, which in turn will adversely affects our business, operating results and prospects.

In addition, China and other countries have retaliated, and may further retaliate, in response to the trade policies, treaties and tariffs implemented by the U.S. government. Such retaliation measures may further escalate the tensions between the countries or even lead to a trade war. Any escalation in trade tensions or a trade war, or the perception that such escalation or trade war could occur, may have negative impact on the economies of not merely the two countries concerned, but the global economy as a whole. In addition, if China were to increase the tariff on any of the supplies and equipment imported by us from the United States, we might not be able to find substitutes with the same quality and price in China or from other countries. As a result, our costs would increase and our business, financial condition and results of operations would be adversely affected.

We may form or seek collaborations or strategic alliances or enter into licensing arrangements in the future. We may not realize the anticipated benefits of such collaborations, alliances, or licensing arrangements.

In the future we may form or seek strategic alliances, create joint ventures or collaborations, or enter into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our product candidates and any future product candidates that we may develop.

We face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. We may not be successful in our efforts to identify suitable strategic partners, or to establish a strategic partnership or other alternative arrangements for our product candidates because they may be deemed to be at too early a stage of development for collaborative effort, and third parties may not view our product 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 product candidate, we can expect to relinquish some or all of the control over the future success of that product candidate to the third party. For example, we may be subject to non-compete provisions with future licensors or partners. This may limit our ability to compete and take on any new opportunities in the event such activities are restricted by any non-compete provisions. For any product candidates that we may seek to in-license from third parties, we may face significant competition from other biopharmaceutical companies with greater resources or capabilities than us, and any agreement that we do enter into may not result in the anticipated benefits.

There are other risks associated with strategic collaboration with third party partners. Disputes may arise between us and a collaborator that cause the delay or termination of the research, development or commercialization of our product candidates, or that result in costly litigation or arbitration that diverts management attention and resources. Our collaborations may be terminated and, if terminated, may have adverse effect on the development or commercialization of our product candidates.

As a result, we may not be able to realize the benefit of current or future collaborations, strategic partnerships or potential license of products 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 product 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, there may be material adverse impact on our business prospects, financial condition and results of operations.

Acquisitions or strategic partnerships 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 collaborations, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses, as we may deem appropriate to carry out our business plan. Any completed, in-process or potential acquisition or strategic collaboration may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent 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 programs and initiatives in pursuing such a strategic partnership, merger or acquisition;
- the loss of key personnel and uncertainties in our ability to maintain key business relationships;
- potential liabilities incurred by our acquisition targets prior to our acquisition arising from their non-compliance or potential non-compliance with relevant laws, rules and regulations, trials undertaken by our acquisition targets or other circumstances associated with action or omission by our acquisition targets such as potential disputes, administrative penalties, invalidation of trial results, or, in the most severe cases, loss of licenses which may be imposed by the relevant authorities retrospectively and without regard to whether the non-compliance has been rectified;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and regulatory approvals; and
- our inability to generate revenue from acquired technology 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. We cannot be sure that we will be able to successfully integrate the acquired business lines with our own business lines to achieve the expected benefits, and such failures may incur unforeseen costs, expenses and liabilities. We also face risks associated with acquisitions in China and the United States due to the various regulated frameworks such as the U.S. CFIUS review process which leads to uncertain results and the PRC M&A Rules. 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. Moreover, we may not be able to locate suitable acquisition opportunities and this inability could impair our ability to grow or obtain access to technology or products that may be important to the development of our business.

RISKS RELATING TO DOING BUSINESS IN CHINA

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

We have extensive operations in China. The biopharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new products. In recent years, the regulatory framework in China regarding the biopharmaceutical 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 product candidates in China and reduce the benefits we believe are available to us from developing and manufacturing products in China. For further details, see "— Risks Relating to Extensive Government Regulation."

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. While the PRC economy has experienced significant growth over the past 40 years, 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 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. More generally, if the business environment in China deteriorates from the perspective of domestic or international investment, our business in China may also be adversely affected.

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

An extensive portion of our operations are conducted in China through our PRC subsidiaries, and are governed by PRC laws, rules and regulations. Our PRC subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. 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 four 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, because these laws, rules and regulations are relatively new and often give the relevant regulator significant discretion in how to enforce them, and because of the limited number of published decisions and the nonbinding nature of such decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and 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.

Additionally, the NMPA's recent reform of the drug-approval system may face implementation challenges. The timing and full impact of such reforms is uncertain and could prevent us from commercializing our product candidates in a timely manner.

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 we would 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 may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the PRC 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 provide 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 PRC 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. Currently, as the term "state secret" is not clearly defined, there is no assurance 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.

If we are unable to obtain the necessary approvals in a timely manner, or at all, our research and development of product candidates may be hindered, in particular when coordination and information exchange with our Houston office is pivotal, which may materially and adversely affect our business, results of operations, financial conditions and prospects. If 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 specific administrative penalties imposed by those government authorities.

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 the Cayman Islands, 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 incurs 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, our PRC subsidiary 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 our PRC subsidiary may allocate a portion of its after-tax profits based on PRC accounting standards to a discretionary reserve fund, or a staff welfare and bonus fund. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. 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.

In response to the persistent capital outflow in China and RMB's depreciation against the U.S. dollar, People's Bank of China, or PBOC, and the State Administration of Foreign Exchange, or 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. 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 dividend income from our PRC subsidiaries may be subject to a higher rate of withholding tax than that which currently anticipates.

The Enterprise Income Tax Law (中華人民共和國企業所得税法) 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, or the "Hong Kong Tax Treaty" (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排), the withholding tax rate on dividends paid by our PRC subsidiary to our Hong Kong subsidiary would generally be reduced to 5%, provided that our Hong Kong subsidiary is a Hong Kong tax resident as well as the beneficial owner of the PRC-sourced income, and our Hong Kong subsidiary directly holds a 25% or greater interest in our PRC subsidiary throughout the 12 months prior to receiving the dividends. On February 3, 2018, the State Administration of Taxation 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), also known as SAT 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 SAT 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 RMB into foreign currencies and, in certain cases, the remittance of currency out of China. A portion of our revenue is denominated in RMB. 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. The RMB 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 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. Since a portion of our revenue is denominated in RMB, any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in RMB 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, SAFE and other relevant PRC governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

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. Although we believe that in the past we had acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and had established effective internal control measures in relation to accounting regularities, we cannot assure you that 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 business benefits from certain tax preferences, financial incentives and preferential policies granted by local governments. Expiration of, or changes to, these incentives, tax preferences 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. 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. Governments authorities may decide to reduce or eliminate incentives or may amend or terminate the relevant financial incentive policies at any time. In addition, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, 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. In addition, according to relevant PRC tax laws and regulations, enterprises in the PRC are entitled to tax preferences when certain requirements and qualifications are satisfied. Our relevant PRC subsidiaries may not continue to be entitled to relevant tax preferences if relevant tax preferences expire or the relevant PRC subsidiaries fail to continue to satisfy certain requirements and qualifications. For example, enterprises in the PRC qualified as "high and new technology enterprises" are entitled to a preferential rate of 15%. CARsgen Therapeutics currently qualifies as a "high and new technology enterprise" until November 2023. If any of our PRC subsidiaries fails to continue to enjoy such tax preferences, financial incentives or preferential policies in the future, tax expenses would increase, which may have a material adverse effect on our results of operations.

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 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 an enforceable 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 an enforceable 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 dispute.

On January 18, 2019, the Supreme People's Court and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (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 further clarification on and certainty for recognition and enforcement of

judgments in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and Mainland China. The New Arrangement discontinued the requirements 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 Special Administrative Region. The New Arrangement will, upon its effectiveness, supersede the Arrangement. However, 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. As a result, it may be difficult or impossible for investors to effect service of process against our assets or management in China in order to seek recognition and enforcement of foreign judgments in China.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the U.S., the United Kingdom, or most other western 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 to comply with PRC foreign exchange or other regulations relating to offshore investment activities 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 local qualified banks 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), or SAFE Circular 37, issued and effective on July 4, 2014. SAFE Circular 37 requires PRC residents to register with local branches of the 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. If a shareholder who is a PRC citizen or resident does not complete the registration with the 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 (1) 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 (2) 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.

According to the Notice of the State Administration of Foreign Exchange on Issuing the Provisions on the Foreign Exchange Administration of the Overseas Direct Investments (國家外匯管理局關於發佈境內機構境外直接投資外匯管理規定的通知) (SAFE Circular 30) and other regulations, if our shareholders who are PRC entities do not complete their registration with the competent SAFE, NDRC or MOFCOM branches, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. In addition, our shareholders may be required to suspend or stop the investment and complete the registration within a specified time, and may be warned or prosecuted for relevant liability. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restriction.

On February 13, 2015, 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), or SAFE Circular 13, which came into effect on June 1, 2015, pursuant to which 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 and SAFE Circular 30, while the application for remedial registrations shall still be submitted to, reviewed and handled by the relevant local branches of SAFE.

There remains uncertainty as to the interpretation and implementation of the latest SAFE rules at practice level. We are committed to complying with and to ensuring that our direct Shareholders who are subject to the regulations will comply with the relevant SAFE rules and other regulations; however, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be fully aware or informed of the identities of our beneficiaries who are PRC nationals or entities, and may not be able to compel them to comply with SAFE Circular 37, SAFE Circular 30 or other regulations. We cannot assure you that all of our Shareholders or beneficiaries will at all times comply with, or in the future make or obtain all applicable registrations or approvals required by SAFE rules or other regulations. We cannot assure you that the SAFE or its local branches will not release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such shareholders to comply with SAFE rules or other regulations may result in restrictions on the foreign exchange activities of our PRC subsidiaries and may also subject the relevant PRC resident or entity to penalties under the PRC foreign exchange administration regulations.

Failure to comply with PRC regulations regarding the registration requirements for employee stock ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Under the applicable regulations and SAFE rules, PRC citizens who participate in an employee stock ownership plan or a stock option plan in an overseas publicly listed company are required to register with SAFE and complete certain other procedures. In February 2012, SAFE promulgated the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies (關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知), or the Stock Option Rules, which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plan or Stock Option Plans of Overseas Publicly Listed Companies (境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程) issued by SAFE in March 2007. Pursuant to the Stock Option Rules, if a PRC resident or a non-PRC citizen residing in China for a continuous period of not less than one year participates in any stock incentive plan of an overseas publicly listed company, a qualified PRC domestic agent must, among other things, file on behalf of such participant an application with SAFE to conduct the SAFE registration with respect to such stock incentive plan and obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with the exercise or sale of stock options or stock such participant holds. Such participating PRC residents' foreign exchange income received from the sale of stock and dividends distributed by the overseas publicly listed company must be fully remitted into a PRC collective foreign currency account opened and managed by the PRC agent before distribution to such participants. We and our PRC resident employees who have been granted stock options or other share-based incentives of ours will be subject to the Stock Option Rules when our company becomes an overseas listed company upon the completion of this offering. If we or our PRC resident participants fail to comply with these regulations, we and/or our PRC resident participants may be subject to fines and legal sanctions.

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

On February 3, 2015, the PRC State Administration of Taxation, or 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), or SAT 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所得企業所得稅管理的通知), or SAT Circular 698, which was previously issued by the State Administration of Taxation on December 10, 2009, as well as certain other rules providing clarification on SAT Circular 698. SAT Circular 7 provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise, or PRC Taxable Assets.

For example, SAT Circular 7 specifies that when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing 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 an indirect transfer of PRC Taxable Assets by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose.

Except as provided in SAT 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.

SAT Circular 7 contains certain exemptions, including (i) the Public Market Safe Harbor described below; 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. However, it remains unclear whether any exemptions under SAT Circular 7 will be applicable to the transfer of our Shares that do not qualify for the Public Market Safe Harbor or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will, at their discretion, reclassify such transactions by applying SAT Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares that do not qualify for the Public Market Safe Harbor 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 SAT 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," or 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 SAT 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 the SAT 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.

Under China's Enterprise Income Tax Law, we may be classified as a "resident enterprise" of China. This classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under China's Enterprise Income Tax Law, or the "EIT Law," an enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise," meaning that it can be treated in a manner similar to a Chinese enterprise for PRC enterprise income tax purposes. A tax circular issued by the SAT on April 22, 2009, or SAT Circular 82, regarding the standards used to classify resident enterprises clarified that dividends and other distributions paid by such resident enterprises which are considered to be PRC source income will be subject to PRC withholding tax, currently at a rate of 10%, when received or recognized by non-PRC resident enterprise shareholders. This circular also subjects such resident enterprises to various reporting requirements with the PRC tax authorities. The implementing rules of the EIT Law define "de facto management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting and properties" of the enterprise. In addition, SAT Circular 82 specifies that certain China-invested enterprises controlled by Chinese enterprises or Chinese group enterprises will be classified as resident enterprises if the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders' meetings; and (iv) half or more than half of senior management or directors having voting rights. On July 27, 2011, the SAT issued Administrative Measures of Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) (境外註冊中資控股居民企業所得税管理辦法(試行), or Bulletin 45, which became effective on September 1, 2011, to provide further guidance on the implementation of SAT Circular 82. Bulletin 45 clarifies certain issues related to determining PRC resident enterprise status, including which competent tax authorities are responsible for determining offshore incorporated PRC resident enterprise status, as well as post-determination administration.

Currently, most of the members of our management team as well as the management team of some of our offshore holding companies are located in China. However, SAT Circular 82 and Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign corporations like us. In the absence of detailed implementing regulations or other guidance determining that offshore companies controlled by PRC individuals or foreign corporations like us are PRC resident enterprises, we do not currently consider our Company or any of our overseas subsidiaries to be a PRC resident enterprise.

Despite the foregoing, the SAT may take the view that the determining criteria set forth in SAT Circular 82 and Bulletin 45 reflect the general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. Additional implementing regulations or guidance may be issued determining that our Cayman Islands holding company is a "resident enterprise" for PRC enterprise income tax purposes. If the PRC tax authorities determine that our Cayman Islands holding company or any of our non-PRC subsidiaries is a resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we and our non-PRC subsidiaries may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income, as well as to PRC enterprise income tax reporting obligations. Second, although under the EIT Law and its implementing rules and Bulletin 45 dividends paid by a PRC tax resident enterprise to an offshore incorporated PRC tax resident enterprise controlled by a PRC enterprise or enterprise group would qualify as tax-exempted income, we cannot assure that dividends paid by our PRC subsidiaries to us will not be subject to a 10% withholding tax, as the PRC foreign-exchange control authorities and tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes but not controlled by a PRC enterprise or enterprise group like us. Finally, under the EIT Law and its implementing rules issued by PRC tax authorities dividends paid by us to our non-PRC shareholders may be subject to a withholding tax of 10% for non-PRC enterprise shareholders and 20% for non-PRC individual shareholders, and gains recognized by our non-PRC shareholders may be subject to PRC tax of 10% for non-PRC enterprise shareholders and 20% for non-PRC individual shareholders. Any PRC tax liability on dividends or gain described above may be reduced under applicable tax treaties. However, it is unclear whether, if our Cayman Islands holding company is considered a PRC resident enterprise, non-PRC shareholders might be able to obtain the benefit of income tax treaties entered into between PRC and their countries.

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 SAFE or its local counterparts. If we finance such subsidiary by means of additional capital contributions, these capital contributions must be filed with certain government authorities, including the State Administration for Market Regulation ("**SAMR**") through the Enterprise Registration System (企業登記系統) and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) and the SAFE.

In August 2008, 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), or 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 the PRC.

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), or 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), or SAFE Circular 16. SAFE Circular 19 has made certain adjustments to some 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. For example, under SAFE Circular 19 and SAFE Circular 16, we may still not be allowed to convert foreign-currency-registered capital of our PRC subsidiaries which are foreign-invested enterprises into RMB 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. On October 23, 2019, SAFE released the Circular on Further Promoting Cross-border Trade and Investment Facilitation (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知), or SAFE Circular 28, according to which non-investment foreign-invested enterprises are permitted to make domestic equity investments with their capital funds provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. On April 10, 2020, SAFE promulgated the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (關於優化外匯管理支持涉外業務發展的通知), or SAFE Circular 8, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign loans and the income under capital accounts of overseas listing, without providing evidentiary materials concerning authenticity of each expenditure, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. Considering that SAFE Circular 28 and SAFE Circular 8 are often principle-oriented and subject to the detailed interpretations by the enforcement bodies to further apply and enforce such laws and regulations in practice, it is unclear how they will be implemented, and there exist substantial uncertainties with respect to its interpretation and implementation by government authorities and banks.

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.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (關於外國投資者併購境內企業的規定), or the M&A Rules, and relevant regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. The M&A Rules require that the Ministry of Commerce, or 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 an 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. The approval from MOFCOM shall be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies.

The Anti-Monopoly Law (中華人民共和國反壟斷法) promulgated by the Standing Committee of the National People's Congress, or NPC, which became effective in August 2008, requires that when a concentration of undertakings occurs and reaches statutory thresholds, the undertakings concerned shall file a prior notification with MOFCOM. Without the clearance from MOFCOM, no concentration of undertakings shall be implemented and effected. 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 MOFCOM when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, (關於經營者集中申報標準的規定) or the Prior Notification Rules, issued by the State Council in August 2008 is triggered. If such prior notification is not obtained, MOFCOM may order the concentration to cease its operations, dispose of shares or assets, transfer the business of the concentration within a time limit, take any other necessary measures to restore the situation as it was before the concentration, and may impose administrative fines. SAMR becomes the successive authority of MOFCOM with regard to the above matters, upon the government reorganization in March 2018.

In addition, the Implementing Rules Concerning Security Review on the Mergers and Acquisitions by Foreign Investors of Domestic Enterprises, issued by the MOFCOM in August 2011, specify that mergers and acquisitions by foreign investors relating to national security

are subject to strict review by the MOFCOM, and prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the abovementioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions.

We cannot preclude the possibility that the MOFCOM or other government agencies may publish explanations contrary to our understanding or broaden the scope of such security reviews in the future, in which case our future acquisitions in the PRC, 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.

Failure to comply with relevant regulations relating to social insurance and the housing provident fund may subject us to penalties and adversely affect our business, financial condition, results of operations and prospects.

PRC laws and regulations require us to pay several statutory social welfare benefits for our employees, including social insurance and housing provident funds. The amounts of our contributions for our employees under such schemes are calculated based on certain percentage of salaries, including bonuses and allowances, up to a maximum amount specified by the local government from time to time at locations where we operate. For details relating to the relevant laws and regulations, see "Regulatory Overview."

As of the Latest Practicable Date, we did not make social insurance payments and housing provident fund contributions for a few employees. In addition, the required contribution under the relevant laws to some of our employees were paid by third parties on behalf of the relevant subsidiaries of the Company. If the local governments determine the payment from the third-party payors are invalid or the third-parties failed to make the required contributions, we may be ultimately liable for the unpaid social insurance contribution and fines and penalties associated with the non-compliance. While we have not received any order or notice from the local authorities nor any claims or complaints from our current and former employees as of the Latest Practicable Date regarding the shortfall in payments and contributions, we cannot assure you that we will not be subject to any order in the future to rectify such non-compliance or that there will not be any employee complaints or claims regarding social insurance payments or housing provident fund contributions made against us. We may also incur additional costs to comply with such laws and regulations by the PRC Government or relevant local authorities. Any such payment could adversely affect our business, financial condition, results of operations and prospects.

Increases in labor costs could slow our growth and affect our financial condition.

China's overall economy and the average wage level have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will continue to increase. Such a significant increase in our labor cost may adversely affect our results of operations, financial condition and prospects.

We may be subject to fines due to the lack of registration of our leases.

Pursuant to the Measures for Administration of Lease of Commodity Properties (商品房屋租賃管理辦法), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As at the Latest Practicable Date, we did not register any of our lease agreements as tenant, and such leased properties were primarily used as laboratory space, office space and employee dormitory. We may be required by relevant government authorities to file these lease agreements for registration within a time limit, and may be subject to a fine for non-registration exceeding such time limit, which may range from RMB1,000 to RMB10,000 for each of the lease agreements.

Some of our properties are subject to a title deficiency, and we could be required to vacate such leased property.

The lessors of 15 of our leased properties, which are used as employee dormitory and are of the size of 1,549.23 sq.m. combined, have failed to provide the building ownership certificates. We cannot assure you that the lessors of these properties have the right to lease the relevant property to us. As advised by our PRC Legal Advisor, we may not be able to continue to use such property if the ownership of the property we have leased and/or the validity of such lease is challenged by third parties or government authorities. In such a scenario we will have to relocate to other premises, which could result in additional costs. As of the Latest Practicable Date, we were not aware of any challenge made by any third party or government authority on the titles of any of these leased properties that might affect our current occupation. We cannot assure you that in the future, we may not encounter such challenges. In addition, in the event of relocation, we may incur additional costs, which could adversely affect our daily operation and cause an impact on our financial condition.

Fluctuations in exchange rates could result in foreign currency exchange losses and could materially reduce the value of your investment.

The value of RMB against the Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. A substantial amount of our operating costs and our financial assets are denominated in RMB and USD. However, the proceeds from the Global Offering will be denominated in Hong Kong dollars. Any significant change in the exchange rate of the Hong Kong dollar against RMB, of the Hong Kong dollar against USD, or of RMB against USD may give rise to foreign exchange gains or losses that would impact our results of operations, and any significant change in value of Hong Kong dollar against RMB or of Hong Kong dollar against USD may materially and adversely affect the value of, and any dividends payable on, our Shares in Hong Kong dollars.

RISKS RELATING TO CONTRACTUAL ARRANGEMENTS

If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences and the relinquishment of our interests in the Consolidated Affiliated Entities.

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in clinical stage cell therapy business which falls in the prohibited foreign-invested industries both in the Catalogue for the Guidance of Foreign Investment Industries (Revision 2017) (外商投資產業指導目錄(2017年修訂)), the Special Administrative Measures on Access of Foreign Investment (Negative List) (Edition 2018) (外商投資准入特別管理措施(負面清單) (2018年版)), the Special Administrative Measures on Access of Foreign Investment (Negative List) (Edition 2019) (外商投資准入特別管理措施(負面清單) (2019 年版)) and the Special Administrative Measures on Access of Foreign Investment (Negative List) (Edition 2020) (外商投資准入特別管理措施(負面清單) (2020年版)) (collectively, the "**Negative List**").

We are a company incorporated under the laws of the Cayman Islands. To comply with the PRC laws and regulations, we conduct our cell-therapy business in China through the Consolidated Affiliated Entities based on a series of Contractual Arrangements entered into among our Group, CARsgen Therapeutics, Corporate Registered Shareholder, and Individual Registered Shareholders. As a result of these Contractual Arrangements, we assert management control over the operations of, and enjoy substantially all the economic benefits of the Consolidated Affiliated Entities.

Our PRC Legal Advisor are of the view that save as disclosed in "Contractual Arrangements — Legality of the Contractual Arrangements", the transfer of economic benefits from the Consolidated Affiliated Entities to CARsgen Life Sciences, and the pledging of the entire equity interest in CARsgen Therapeutics from the Corporate Registered Shareholder to

CARsgen Life Sciences and the pledging of the entire equity interest in the Corporate Registered Shareholder from the Individual Registered Shareholders to CARsgen Life Sciences under the Contractual Arrangements, would not be deemed a violation of the relevant PRC laws and regulations. See "Contractual Arrangements — Legality of the Contractual Arrangements" for details.

There are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. The relevant PRC regulatory authorities have broad discretion in determining whether a particular contractual structure violates PRC laws and regulations. Thus, we cannot assure you that the PRC government will not ultimately take a view contrary to the opinion of our PRC Legal Advisor. If we are found in violation of any PRC laws or regulations or if the Contractual Arrangements are determined as illegal or invalid by any PRC court, arbitral tribunal, or regulatory authorities, the relevant governmental authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoke the agreements constituting the Contractual Arrangements;
- revoke relevant business and operating licenses of our Group;
- require us to discontinue or restrict our operations;
- restrict our right to collect revenue from the Consolidated Affiliated Entities;
- shut down a substantial part of our cell-therapy business;
- levy fines on us and/or confiscate the proceeds that they deem to have been obtained through non-compliant operations;
- require us to restructure the operations in such a way as to compel us to establish a new enterprise, re-apply for the necessary licenses, or relocate our businesses, staff, and assets;
- impose additional conditions or requirements with which we may not be able to comply; or
- take other regulatory or enforcement actions that could be harmful to our business.

Furthermore, any of the assets under the name of any record holder of equity interest in the Consolidated Affiliated Entities, including such equity interest, may be put under court custody in connection with litigation, arbitration, or other judicial or dispute resolution proceedings against that record holder. We cannot be certain that the equity interest will be disposed of in accordance with the Contractual Arrangements. In addition, new PRC laws, rules, and regulations may be introduced to impose additional requirements that may impose additional challenges to our corporate structure and Contractual Arrangements. The occurrence

of any of these events or the imposition of any of these penalties may result in a material and adverse effect on our ability to conduct the business. In addition, if the imposition of any of these penalties causes us to lose the rights to direct the activities of the Consolidated Affiliated Entities or the right to receive their economic benefits, we would no longer be able to consolidate the Consolidated Affiliated Entities, thus adversely affect our results of operation.

There is substantial uncertainty with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

The Foreign Investment Law of the PRC (中華人民共和國外商投資法) formally adopted by the second session of the thirteenth National People's Congress on March 15, 2019, which came into effect on January 1, 2020, does not mention certain concepts, including "actual control" or "controlling PRC companies by contracts or trusts", nor does it specify regulation on controlling through contractual arrangements. Since the Foreign Investment Law is new, there are substantial uncertainties with respect to its implementation and interpretation and it is also possible that variable interest entities will be deemed as foreign-invested enterprises and be subject to restrictions or prohibitions in the future. Such restrictions or prohibitions may cause interruptions to our current corporate structure, corporate governance, and business operations, which may in turn materially, and adversely affect our business, financial condition, and results of operations.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership, and the Registered Shareholders and the Consolidated Affiliated Entities may fail to perform their obligations under our Contractual Arrangements.

Since PRC laws limit foreign equity ownership in cell-therapy business in China, we have no ownership interest in our cell-therapy business and rely on a series of Contractual Arrangements with CARsgen Therapeutics and the Registered Shareholders to control and operate the relevant businesses. The Contractual Arrangements may not be as effective as direct ownership in providing us with control over the Consolidated Affiliated Entities. Direct ownership would allow us, for example, to directly provide financial support through the increase of registered capital or injection of funds, or to directly or indirectly exercise our rights as a shareholder to effect changes in the boards of directors of the Consolidated Affiliated Entities, which, in turn, could effect changes, subject to any applicable fiduciary obligations at the management level. However, under the Contractual Arrangements, as a legal matter, if the Consolidated Affiliated Entities or the Registered Shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend significant resources to enforce those arrangements and resort to litigation or arbitration and rely on legal remedies under PRC laws. These remedies may include seeking specific performance or injunctive relief and claiming damages, any of which may not be effective. For example, if the Registered Shareholders were to refuse to transfer their equity interest in and/or assets of CARsgen Therapeutics and/or the Corporate Registered Shareholder to us or our designee when we exercise the call option pursuant to the Contractual Arrangements, or if they were otherwise to act in bad faith toward us, we might have to take

legal action to compel them to perform their respective contractual obligations. In the event we are unable to enforce these Contractual Arrangements or we experience significant delays or other obstacles in the process of enforcing these Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities and may lose control over the assets owned by the Consolidated Affiliated Entities. As a result, we may be unable to consolidate the Consolidated Affiliated Entities in our consolidated financial information, which could materially and adversely affect our results of operations and financial condition.

We may lose the ability to use the permits and licenses held by the Consolidated Affiliated Entities that are important to the operation of our business if the Consolidated Affiliated Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

The Consolidated Affiliated Entities may hold certain permits, licenses that are important to our business operations. The Contractual Arrangements specifically obligate the Consolidated Affiliated Entities to ensure their valid existence and that the Consolidated Affiliated Entities may not be voluntarily liquidated. However, should the Registered Shareholders and the Consolidated Affiliated Entities breach this obligation and voluntarily liquidate the Consolidated Affiliated Entities, or should the Consolidated Affiliated Entities declare bankruptcy, all or part of their assets may become subject to liens or rights of third-party creditors and we may be unable to continue a substantial portion of our business operations, which could materially and adversely affect our business, financial condition, and results of operations.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your Shares.

According to applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to challenge by the PRC tax authorities, additional taxes and interest may be imposed. We would be subject to adverse tax consequences if the PRC tax authorities were to determine that transactions under the Contractual Arrangements among our Group, CARsgen Therapeutics, and the Registered Shareholders were not conducted on an arm's-length basis as the PRC tax authorities have the authority to make special tax adjustments to the tax liability of CARsgen Therapeutics. Such adjustments may adversely affect us by increasing the tax expenses of CARsgen Therapeutics, subjecting CARsgen Therapeutics to late payment fees and other penalties for under-payment of taxes. Our consolidated results of operations may be adversely affected if the tax liabilities of CARsgen Therapeutics increase or if it is subject to late payment fees or other penalties.

The Registered Shareholders of CARsgen Therapeutics may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests.

Our cell-therapy business is conducted through the Consolidated Affiliated Entities. Our control over the Consolidated Affiliated Entities is based upon the Contractual Arrangements with CARsgen Therapeutics and the Registered Shareholders that allow us to control the Consolidated Affiliated Entities. The Registered Shareholders may potentially have a conflict of interest with us, and they may breach their contracts with us if they believe it would further their own interest or if they otherwise act in bad faith. We cannot assure you that when conflicts of interest arise between us and the Consolidated Affiliated Entities, the Registered Shareholders will act completely in our interests or that the conflicts of interest will be resolved in our favor.

In addition, the Registered Shareholders may breach or cause the Consolidated Affiliated Entities to breach the Contractual Arrangements. If the Consolidated Affiliated Entities or the Registered Shareholders breach their contracts with us or otherwise have disputes with us, we may have to initiate legal proceedings, which involve significant uncertainty. Such disputes and proceedings may significantly disrupt our business operations, adversely affect our ability to control the Consolidated Affiliated Entities and otherwise result in negative publicity. There is also substantial uncertainty as to the outcome of any such legal proceedings.

Certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.

The agreements which constitute the Contractual Arrangements (except the undertaking executed by the spouse of the relevant Individual Registered Shareholders under the Contractual Arrangements (the "**Spouse Undertaking**")),as applicable are governed by PRC laws and some provide for the resolution of disputes through arbitration in the PRC. Accordingly, these agreements would be interpreted in accordance with PRC laws and disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions and uncertainties in the PRC legal system could limit our ability to enforce the Contractual Arrangements. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over the Consolidated Affiliated Entities, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected.

The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the equity interests in and/or assets of the Consolidated Affiliated Entities, injunctive relief and/or winding up of the Consolidated Affiliated Entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a

provisional or final liquidation order for the purpose of protecting assets of or equity interests in the Consolidated Affiliated Entities in case of disputes. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China. PRC laws do allow the arbitral body to grant an award of transfer of assets of or equity interests in the Consolidated Affiliated Entities in favor of an aggrieved party. Therefore, in the event of breach of any agreements constituting the Contractual Arrangements by the Consolidated Affiliated Entities and/or the respective shareholders, and if we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities, which could negatively affect our ability to conduct our business.

If we exercise the option to acquire equity ownership of CARsgen Therapeutics and/or the Corporate Registered Shareholder, the ownership transfer may subject us to certain limitations and substantial costs.

Pursuant to the Contractual Arrangements, our Group or the designated person(s) has the exclusive right to purchase all or any part of the equity interests and/or the assests in CARsgen Therapeutics and/or the Corporate Registered Shareholder from the Registered Shareholders at a price equal to the amount of registered capital contributed by the Registered Shareholders, for a nominal price whichever lower, unless the relevant government authorities or PRC laws request that another amount be used as the purchase price and in which case the purchase price shall be the lowest amount under such request. Subject to relevant laws and regulations, the Registered Shareholders shall return any amount of purchase price they have received to us. If such a transfer takes place, the competent tax authority may require us to pay enterprise income tax for ownership transfer income with reference to the market value, in which case the amount of tax could be substantial.

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.

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 the Joint Global Coordinators (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.

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, the business and performance and the market price of the shares of other companies engaging in similar business may 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 product candidates, the results of our applications for approval of our product candidates, regulatory developments affecting the biopharmaceutical 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 five Business Days 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 our Shares in the public market by major Shareholders following the Global Offering could materially and adversely affect the price of our Shares.

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.

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 pipeline product 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.

Our Board has complete discretion as to whether to distribute dividends. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. 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 cannot make fundamental changes to our business without the consent of the Stock Exchange.

Under Rule 18A.10 of the Listing Rules, without the prior consent of the Stock Exchange, we will not be able to effect any acquisition, disposal or other transaction or arrangement or any series of acquisitions, disposals or other transactions or arrangements, which would result in a fundamental change in our principal business activities as set forth in this Prospectus. As a result, we may be unable to take advantage of certain strategic transactions that we might otherwise choose to pursue in the absence of Rule 18A.10. If some investors find our Shares less attractive as a result of our limited capability to conduct relevant transactions or arrangements, there may be a less active trading market for our Shares and our share price may be more volatile. Were any of our competitors that are not listed on the Stock Exchange to take advantage of such opportunities in our place, we may be placed at a competitive disadvantage, which could have a material adverse effect on our business, financial condition and results of operations.

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. For details of our planned use of the net proceeds from the Global Offering, 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 are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting your shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Cayman Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority Shareholders may be located. See "Appendix IV — Summary of the Constitution of our Company and Cayman Islands Company Law" in this Prospectus.

As a result of all of the above, minority Shareholders may have difficulties in protecting their interests under the laws of the Cayman Islands through actions against our management, Directors or Controlling Shareholders, which may provide different remedies to minority Shareholders when compared to the laws of the jurisdiction in which such shareholders are located.

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

Facts, forecasts and statistics in this Prospectus relating to the biopharmaceutical 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 Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Underwriters nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective

collection methods or discrepancies between published information and factual information and other problems, the statistics in this Prospectus relating to the biopharmaceutical industry in and outside China may be inaccurate and you should not place undue reliance on them. 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 when 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.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our 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 (Cap. 571V) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our 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.

GLOBAL OFFERING

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 contains 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 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 and therein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers 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 Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement 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 about the Price Determination Date.

The Offer Price is expected to be determined between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around June 10, 2021 and, in any event, not later than June 17, 2021 (unless otherwise determined between the Joint Global Coordinators (on behalf of the Underwriters) and our Company). If, for whatever reason, the Offer Price is not agreed between the Joint Global Coordinators and our Company on or before June 17, 2021, the Global Offering will not become unconditional and will lapse immediately.

See the section headed "Underwriting" in this Prospectus for further information about the Underwriters and the underwriting arrangements.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus.

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.

SELLING RESTRICTIONS ON OFFER AND SALE 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/her acquisition of Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on offers and sales of the Hong Kong Offer Shares described in this Prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this Prospectus in any jurisdiction other than in Hong Kong. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances where 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 and sale 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.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue (including the Shares outstanding and to be issued on the conversion of the Preferred Shares) and to be issued pursuant to (i) the Global Offering; (ii) the Over-allotment Option; (iii) the Shares to be issued under the 2019 Equity Incentive Plan; (iv) the Shares to be issued under the Post-IPO RSU Scheme; and (v) the Shares to be issued under the Post-IPO Share Option Scheme.

Dealings in the Shares on the Stock Exchange are expected to commence on June 18, 2021. No part of our Shares or loan capital 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. All Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out in the section headed "Structure of the Global Offering" in this Prospectus. Assuming that the Over-allotment Option is exercised in full, our Company may be required to issue up to an additional 14,212,000 new Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance 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.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands by our Principal Share Registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands. Our Hong Kong register of members will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Hong Kong register of members of our Company in Hong Kong. Dealings in the Shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding and dealing in the Shares or exercising any rights attached to them. It is emphasized that none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for your convenience, this Prospectus contains translations of certain Renminbi amounts into Hong Kong dollars, of Renminbi amounts into U.S. dollars and of Hong Kong dollar amounts into U.S. dollars at specified rates.

Unless we indicate otherwise, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this Prospectus was made at the following rates:

RMB0.8228 to HK$1.00

RMB6.3858 to US$1.00

HK$7.76106 to US$1.00

No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

If there is any inconsistency between the English version of this Prospectus and the Chinese translation of this Prospectus, the English version of this Prospectus shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in the English prospectus that are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING

Any discrepancies in any table in this Prospectus between total and sum of amounts listed therein are due to rounding.

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

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules. Our Group's management, business operations and assets are primarily based outside Hong Kong. The headquarters and business operations of our Group are primarily based, managed and conducted in the PRC. Currently, the two executive Directors of our Company ordinarily reside in the PRC. The senior management team of our Company is primarily based in the PRC and they manage our Group's business operations from the PRC. Historically, the Directors of our Company typically met in the PRC. As the two executive Directors and the senior management team play very important roles in our Company's business operations, our Company considers that it is in the best interests of our Company for the executive Directors and the senior management team to be based in the places where the Group has significant operations. As such, our Company does not, and will not for the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, namely Dr. Li, our executive Director and Mr. Lui Wing Yat Christopher (呂穎一), our company secretary, to be the principal communication channel at all times between the Stock Exchange and our Company. Each of our authorized representatives will be readily contactable by the Stock Exchange based on information provided to the Stock Exchange for the contact details of the authorized representatives. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange;

(b) we will implement a policy to provide the contact details of each Director (such as mobile phone numbers, office phone numbers and email addresses) to each of the authorized representatives and to the Stock Exchange. This will ensure that each of the authorized representatives and the Stock Exchange will have the means to contact all the Directors (including the independent non-executive Directors) promptly as and when required, including means to communicate with the Directors when they are travelling;

(c) we will ensure that all Directors who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong and will be able to come to Hong Kong to meet with the Stock Exchange within a reasonable period of time when required;

(d) we have retained the services of the Compliance Adviser, in accordance with Rule 3A.19 of the Listing Rules. The Compliance Adviser, among other things, will serve as an additional channel of communication in addition to the authorized representatives of our Company. The Compliance Adviser will provide our Company with professional advice on ongoing compliance with the Listing Rules and will be available to respond to enquiries from the Stock Exchange. We will ensure that the Compliance Adviser has prompt access to our Company's authorized representatives and Directors who will provide to the Compliance Adviser such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties. The Compliance Adviser will also provide advice to our Company in compliance with Rule 3A.23 of the Listing Rules; and

(e) meetings between the Stock Exchange and the Directors could be arranged through the authorized representatives or the Compliance Adviser, or directly with the Directors within a reasonable time frame. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the Compliance Adviser in accordance with the Listing Rules.

EXEMPTION IN RELATION TO FINANCIAL STATEMENTS IN THIS PROSPECTUS

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

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

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

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

Rule 4.04(1) of the Listing Rules requires that the consolidated results of the issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the listing document be included in the accountants' report to its prospectus.

Our Company is a Biotech Company as defined under Chapter 18A of the Listing Rules and is seeking a listing under Chapter 18A of the Listing Rules. Rule 18A.03(3) of the Listing Rules requires that a Biotech Company must have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management. Rule 18A.06 of the Listing Rules requires that a Biotech Company must comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in Rule 4.04 shall instead be references to "two financial years" or "two years", as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the listing document.

In compliance with the abovementioned requirements under the Listing Rules, the Accountant's Report of our Company set out in Appendix I to this Prospectus is currently prepared to cover the two financial years ended December 31, 2019 and 2020.

As such, the Joint Sponsors have applied, on behalf of our Company, to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance regarding the inclusion of the accountants' report covering the full three financial years immediately preceding the issue of this Prospectus on the following grounds:

(a) our Company is primarily engaged in the discovery, development and commercialization of cell therapies for the treatment of hematological malignancies and solid tumors and falls within the scope of Biotech Company as defined under Chapter 18A of the Listing Rules. Our Company will fulfill the additional conditions for listing required under Chapter 18A of the Listing Rules;

(b) given that our Company is only required to disclose its financial results for each of the two financial years ended December 31, 2019 and 2020 under Chapter 18A of the Listing Rules and preparation of the financial results for the year ended December 31, 2018 would require additional work to be performed by our Company and our auditors, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company;

(c) notwithstanding that the financial results set out in this Prospectus are only for the two financial years ended December 31, 2019 and 2020 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this Prospectus pursuant to the relevant requirements; and

(d) the Accountant's Report covering the two financial years ended December 31, 2019 and 2020 (as set out in Appendix I to this Prospectus), together with other disclosures in this Prospectus, have already provided adequate and reasonable up-to-date information in the circumstances for the potential investors to make an informed assessment of the business, assets and liabilities, financial position, management and prospects and to form a view on the track record of our Company. Therefore, the exemption would not prejudice the interest of the investing public.

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the condition that particulars of the exemption are set out in this Prospectus and that this Prospectus will be issued on or before June 7, 2021.

WAIVER IN RESPECT OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Our Company has entered into, and is expected to continue after the Listing, certain transactions in respect of the Contractual Arrangements which will constitute non-exempt continuing connected transactions as defined under the Listing Rules. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the connected transactions under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange, subject to certain conditions. For further information on such waiver please refer to the section headed "Connected Transactions" in this Prospectus.

WAIVER AND EXEMPTION IN RELATION TO THE 2019 EQUITY INCENTIVE PLAN

Rule 17.02(1)(b) of the Listing Rules requires a listing applicant to, inter alia, disclose in the prospectus full details of all outstanding options and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options.

Paragraph 27 of Appendix 1A to the Listing Rules requires a listing applicant to disclose, inter alia, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

Under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the prospectus must state the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Under paragraph 10 of Part I of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, 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 the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the prospectus.

As of the Latest Practicable Date, our Company had granted options under the 2019 Equity Incentive Plan to 172 grantees on the terms set out in the section headed "Statutory and General Information — D. 2019 Equity Incentive Plan" in this Prospectus, including one connected person of our Company, four members of the senior management of our Company, one consultant, five participants of the 2019 Equity Incentive Plan who have been granted options to subscribe for 350,000 Shares or more and 161 other participants of the 2019 Equity Incentive Plan who have been granted options to subscribe for less than 350,000 Shares, to subscribe for an aggregate of 20,372,475 Shares, representing approximately 3.59% of our Shares in issue immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme). No Director is a participant of the 2019 Equity Incentive Plan.

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules and (ii) the SFC for an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the options and certain grantees in this Prospectus on the ground that the waiver and the exemption will not prejudice the interest of the investing public and strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

(a) we have granted options under the 2019 Equity Incentive Plan to a total of 172 grantees to subscribe for an aggregate of 20,372,475 Shares, representing approximately 3.59% of our Shares in issue immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme). The grantees under the 2019 Equity Incentive Plan include one connected person, four members of the senior management of our Company, one consultant, five

participants of the 2019 Equity Incentive Plan who have been granted options to subscribe for 350,000 Shares or more and 161 other participants of the 2019 Equity Incentive Plan who have been granted options to subscribe for less than 350,000 Shares;

(b) our Directors consider that it would be unduly burdensome to disclose in this Prospectus full details of all the options granted by us to each of the grantees, which will require substantial number of pages of additional disclosure that does not provide any material information to the investing public and would significantly increase the cost and time required for information compilation and prospectus preparation;

(c) key information of the options granted under the 2019 Equity Incentive Plan has been disclosed in this Prospectus to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their investment decision, and such information includes:

(i) a summary of the latest terms of the 2019 Equity Incentive Plan;

(ii) the aggregate number of Shares subject to the options and the percentage of our Shares of which such number represents;

(iii) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme);

(iv) full details of the options granted to connected persons, members of the senior management, consultants and the participants of the 2019 Equity Incentive Plan who have been granted options to subscribe for 350,000 Shares or more on an individual basis, are disclosed in this Prospectus, and such details include all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part 1 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(v) with respect to the options granted by our Company under the 2019 Equity Incentive Plan to other participants of the 2019 Equity Incentive Plan, other than those referred to in sub-paragraph (iv) above, the following details are disclosed in this Prospectus, including the aggregate number of such grantees and the number of Shares subject to the options, the consideration paid for the grant of the options and the exercise period and the exercise price for the options; and

(vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively;

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

(d) the 161 other participants of the 2019 Equity Incentive Plan have each been granted options to subscribe for less than 350,000 shares, which is not material in the circumstances of our Company, and the exercise in full of such options will not cause any material adverse change in the financial position of our Company;

(e) our Directors consider that non-compliance with the above disclosure requirements would not prevent our Company from providing potential investors with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group; and

(f) a full list of all the grantees containing all details as required under Rule 17.02(1)(b) of the Listing Rules, 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 will be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection — Documents Available for Inspection" in this Prospectus.

The Stock Exchange has granted us a waiver from strict compliance with the relevant requirements under the Listing Rules subject to the conditions that disclosure in respect of the information referred to in paragraph (c) above has been made in this Prospectus.

The SFC has granted us a certificate of exemption under Section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, subject to the conditions that:

(a) on an individual basis, full details of all the options granted under the 2019 Equity Incentive Plan to each of (i) the Directors, (ii) members of the senior management, (iii) the consultants, (iv) other connected persons of the Company, and (v) other grantees who have been granted options to subscribe for 350,000 Shares or more be disclosed in this Prospectus, and such details include all the particulars required under paragraph 10 of Part 1 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the options granted under the 2019 Equity Incentive Plan to other participants of the 2019 Equity Incentive Plan, other than those referred to in (a) above, the following details, including (i) the aggregate number of the grantees and the number of Shares subject to such options; (ii) the consideration paid for the grant of such options; and (iii) the exercise period and the exercise price for such options be disclosed in this Prospectus;

(c) a full list of all the grantees (including the persons referred to in sub-paragraph (a) above) who have been granted options to subscribe for Shares under the 2019 Equity Incentive Plan, containing all the details as required under paragraph 10 of Part 1 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection — Documents Available for Inspection" in this Prospectus; and

(d) the particulars of the exemption be set forth in this Prospectus and that this Prospectus will be issued on or before June 7, 2021.

WAIVER IN RELATION TO THE AVAILABILITY OF COPIES OF THE PROSPECTUS IN PRINTED FORM

Our Company has adopted a fully electronic application process for the Hong Kong Public Offering and we will not provide printed copies of this Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. Our Company will adopt additional communication measures as we consider appropriate to inform the potential investors that they can only subscribe for the Hong Kong Offer Shares electronically, including publishing on the websites of our Company and the Stock Exchange. Our Company has applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules in respect of the availability of copies of the prospectus in printed form based on the specific and prevailing circumstances of the Company.

We will adopt additional communication measures to inform the potential investors that they can only subscribe for the Hong Kong Offer Shares electronically, including (i) publishing a formal notice of the Global Offering on our website describing the fully electronic application process including the available channels for share subscription; (ii) advertising through the **White Form eIPO** Service Provider the electronic methods for subscription of the Hong Kong Offer Shares; and (iii) the enhanced support provided by our Hong Kong Share Registrar and **White Form eIPO** Service Provider in relation to the Hong Kong Public Offering (including additional enquiry hotlines for questions about the application for the Hong Kong Offer Shares and increasing its server capacity).

CORNERSTONE SUBSCRIPTION BY CLOSE ASSOCIATES OF EXISTING SHAREHOLDERS

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase securities for which listing is sought if no securities will be offered to them on a preferential basis and no preferential treatment will be given to them in the allocation of securities.

Paragraph 5(2) of Appendix 6 to the Listing Rules provides, inter alia, that without the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees, unless any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Our Company has applied for a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules, to allow each of LAV Star Limited and LAV Star Opportunities Limited (both of which close associates of LAV Bioscience Fund V, L.P and Orchids Limited, existing Shareholders of the Company) to subscribe for Shares in the Global Offering (the aforementioned cornerstone investors, the "**Participating Shareholders**"), subscribing as cornerstone investors.

The Stock Exchange has granted the requested waivers and consents subject to the conditions that:

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

(B) the Offer Shares to be subscribed by and allocated to the Participating Shareholders under the Global Offering will be at the same Offer Price and in respect of Participating Shareholders subscribing by way of cornerstone investment, on substantially the same terms as other cornerstone investors (including being subject to a six-month lock up arrangement following Listing);

(C) no preferential treatment has been, nor will be, given to the Participating Shareholders by virtue of their relationship with the Company in any allocation in the placing tranche, other than the preferential treatment of assured entitlement under the cornerstone investment (in respect of Participating Shareholders subscribing as cornerstone investors) which follows the principles set out in the Guidance Letter HKEX-GL51-13, that, save as disclosed in the section headed "Cornerstone Investors" in this Prospectus, the cornerstone investment agreements of the Participating Shareholders do not contain any material terms which are more favorable to them than those in other cornerstone investment agreements; and

(D) details of the subscription of the Offer Shares by the Participating Shareholders in the Global Offering as cornerstone investors will be disclosed in this Prospectus and the allotment results announcement of our Company.

For further information about the cornerstone investments of the Participating Shareholders, please refer to the section headed "Cornerstone Investors" in this Prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. LI Zonghai (李宗海)	No. 3 Lane 900 Wangyue Road Xuhui District Shanghai PRC	Chinese
Dr. WANG Huamao (王華茂)	Room 202, No. 152, Lane 2418 Longwu Road Xuhui District Shanghai PRC	Chinese
Non-Executive Directors		
Mr. GUO Bingsen (郭炳森)	Room 2101, Building 1 Guangjinghupan Baiqi Township, Baiqi Village Quanzhou Taiwanese Investment Zone, Quanzhou City Fujian Province PRC	Chinese
Ms. ZHAO Yachao (趙雅超)	Room 1701, No. 189 Gaoxiong Road Huangpu District Shanghai PRC	Chinese
Mr. XIE Ronggang (謝榕剛)	Room 216-1001 Jing'an Fu East District Jing'an District Shanghai PRC	Chinese
Mr. GUO Huaqing (郭華清)	Room 1-1901, Nanyi Plaza No. 688 Fengze Street Fengze District Quanzhou City Fujian Province PRC	Chinese

Name	Address	Nationality
Independent Non-Executive Directors		
Dr. FAN Chunhai (樊春海)	Room 1101, Fenghuangcheng No. 47 Lane 58 Jinggu Middle Road Minhang District Shanghai PRC	Chinese
Dr. YAN Guangmei (顏光美)	Room 802, No. 20 Zhusicun Yuexiu District Guangzhou City Guangdong Province PRC	Chinese
Mr. SO Tak Young (蘇德揚)	6A, Tower 7, Residence Bel Air South Tower 38 Bel Air Avenue Island South Hong Kong	Chinese

Please refer to the section headed "Directors and Senior Management" in this Prospectus for further information with respect to our Directors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Goldman Sachs (Asia) L.L.C.** 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong **UBS Securities Hong Kong Limited** 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
Joint Global Coordinators	**Goldman Sachs (Asia) L.L.C.** 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong **UBS AG Hong Kong Branch** 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong **CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **Credit Suisse (Hong Kong) Limited** Level 88, International Commerce Centre 1 Austin Road West Kowloon Hong Kong

Joint Bookrunners

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Credit Suisse (Hong Kong) Limited
Level 88, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Joint Lead Managers

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Credit Suisse (Hong Kong) Limited
Level 88, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Legal Advisers to our Company

As to Hong Kong law and United States law

Davis Polk & Wardwell
18th Floor
The Hong Kong Club Building
3A Chater Road
Hong Kong

As to PRC law

Global Law Office
15 & 20/F, Tower 1, China Central Place
No. 81 Jianguo Road
Chaoyang District, Beijing
100025
China

As to Cayman Islands law

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

As to U.S. intellectual property law

Venture Partner, LLC
401 North Michigan Avenue
Suite 1200
Chicago, IL 60611
United States

Legal Advisers to the Joint Sponsors and the Underwriters	*As to Hong Kong law and United States law* **Herbert Smith Freehills** 23/F, Gloucester Tower 15 Queen's Road Central Hong Kong *As to PRC law* **Zhong Lun Law Firm** 6, 10, 11, 16, 17/F, Two IFC 8 Century Avenue Pudong New Area Shanghai 200120 China
Reporting Accountant and Auditor	**PricewaterhouseCoopers** *Certified Public Accountants and Registered Public Interest Entity Auditor* 22/F, Prince's Building Central Hong Kong
Industry Consultant	**Frost & Sullivan International Limited** 1706, One Exchange Square 8 Connaught Place Central Hong Kong
Receiving Bank	**Industrial and Commercial Bank of China (Asia) Limited** 33/F, ICBC Tower 3 Garden Road Central Hong Kong

Registered Office	P.O. Box 31119 Grand Pavilion Hibiscus Way 802 West Bay Road Grand Cayman KY1-1205 Cayman Islands
Head Office and Principal Place of Business in China	BLDG 12 No. 388 Yindu Road Xuhui District Shanghai PRC
Principal Place of Business in Hong Kong	Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Company's Website	**www.carsgen.com** (*The information contained in this website does not form part of this Prospectus*)
Company Secretary	**Mr. LUI Wing Yat Christopher (呂穎一)** *(Associate member of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly the Institute of Chartered Secretaries and Administrators) in the United Kingdom)* Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Audit Committee	Mr. SO Tak Young (蘇德揚) *(Chairman)* Dr. FAN Chunhai (樊春海) Mr. GUO Huaqing (郭華清)
Remuneration Committee	Dr. FAN Chunhai (樊春海) *(Chairman)* Dr. YAN Guangmei (顏光美) Dr. LI Zonghai (李宗海)
Nomination and Corporate Governance Committee	Dr. LI Zonghai (李宗海) *(Chairman)* Dr. FAN Chunhai (樊春海) Dr. YAN Guangmei (顏光美)

Authorized Representatives	**Dr. LI Zonghai (李宗海)** No. 3 Lane 900 Wangyue Road Xuhui District Shanghai PRC **Mr. LUI Wing Yat Christopher (呂穎一)** Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Compliance Advisor	**Guotai Junan Capital Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Principal Share Registrar and Transfer Office	**Maples Fund Services (Cayman) Limited** P.O. Box 1093, Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Banker	**Bank of Hangzhou Co., Ltd.** No. 46, Qingchun Road Hangzhou PRC

The information and statistics set out in this section and other sections of this Prospectus were extracted from various official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan for preparing the Frost & Sullivan Report, an independent industry report in respect of the Global Offering. We believe that the sources of the information in this section and other sections of this Prospectus are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official and non-official sources has not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, save for Frost & Sullivan, and no representation is given as to its accuracy. Accordingly, the information from official and non-official sources contained herein may not be accurate and should not be unduly relied upon. Our Directors confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the Frost & Sullivan Report that would qualify, contradict or have a material impact on the information in this section.

OVERVIEW OF CELLULAR IMMUNOTHERAPY AND CAR-T MARKET

Cellular Immunotherapy

Overview

Cellular immunotherapy is a type of immunotherapy in which immune cells (typically T cells) are given to a patient for the treatment of cancers. Major types of cellular immunotherapies include CAR-T, TCR transduced T cells (TCR-T), tumor-infiltrating lymphocytes (TIL) and natural killer (NK) cell therapies. The following table lists the cell sources, common side effects and mechanism of actions for these major cellular immunotherapies.

Type	Cell Resource	Side Effect	Mechanism
CAR-T	• Peripheral Blood Mononuclear Cells (PBMCs) • Autologous or allogeneic cells	Cytokine release syndrome, neurotoxicity	Chimeric antigen receptors (CARs) that target tumor-associated antigens (TAAs) are genetically engineered and introduced into T cells which could bypass MHC restriction and direct specific cytotoxicity to the antigen on tumor cells. CAR-T cells are expanded and infuse back to patients to eradicate tumor cells harboring the particular TAAs.
TCR-T	• Peripheral Blood Mononuclear Cells (PBMCs) • Autologous or allogeneic cells	Cytokine release syndrome, neurotoxicity	T cells are taken from patients and then the T cell receptors are modified genetically through the bioengineering of the TCR α- and β-glycoprotien antigen-binding domain. Alteration of T cell receptors allows for the development and expansion of T lymphocytes with higher specificity to tumor neoantigens presented by HLA in human.
NK	• Autologous or allogeneic (for adoptive transfer) • In vivo potentiation • NK cell lines	Usually controllable immune side effects, such as fever	The NK cells, which are part of human innate immune system, were harnessed to attack cancer cells through *in vivo* potentiation of NK cell proliferation and activity. Activation, adoptive transfer of NK cells, or genetic modification of NK cells could enhance the tumor cell killing efficacy.
TIL	• Fresh resected tumor specimen or allogeneic cells	Thrombocytopenia, chills, anemia, febrile neutropenia	Naturally occurring tumor-infiltrating lymphocytes (TILs) are harvested, and then the T cells are later activated and expanded *ex vivo* and re-infused into lymphodepleted patients, where they can then seek out and destroy tumors.

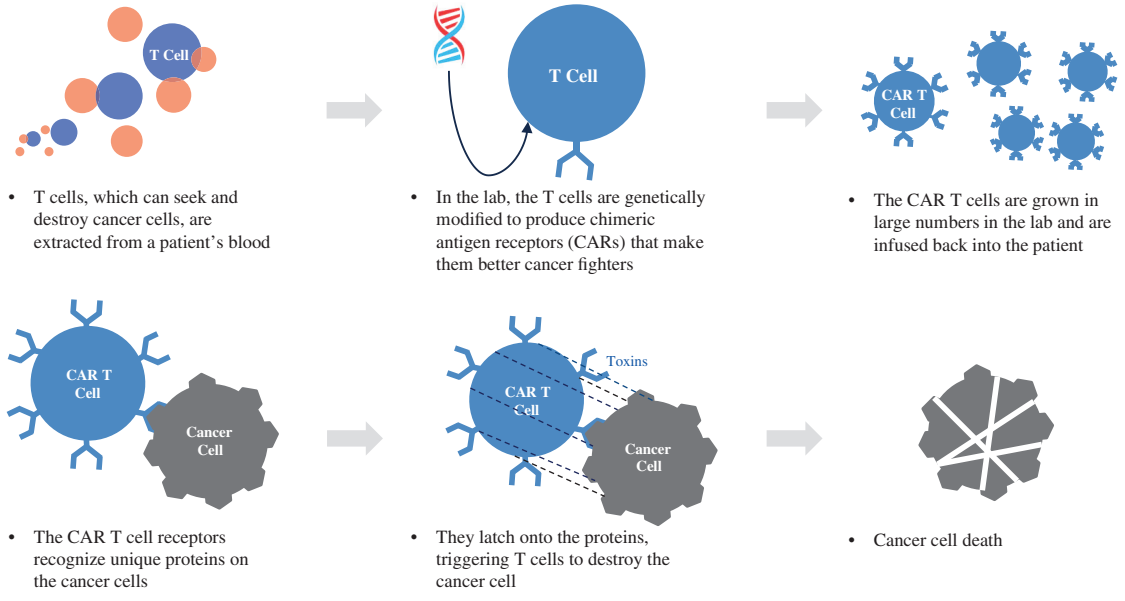
Source: Frost & Sullivan Analysis

The primary resources of cells utilized in cellular immunotherapy are autologous and/or allogeneic cells. Autologous therapies, which use autologous cells, are manufactured by harvesting the patient's immune cells, processing and culturing *ex vivo*, then infusing back to the same patient, whereas allogeneic therapies, which use allogeneic cells, are manufactured from cells of healthy donors who are unrelated to the patient and can be made in large quantities and used to treat a number of patients. Therefore, autologous therapies have higher compatibility with the patients' immune system, while allogeneic therapies are more scalable for manufacturing and more versatile for treatment. Currently, most cellular immunotherapies under development or commercialization are autologous therapies, but the allogeneic approach is believed to be a future direction of cellular immunotherapies, although improvements are needed to address its current limitations such as limited persistence and the higher risk of host immune rejection.

CAR-T Cell Therapy

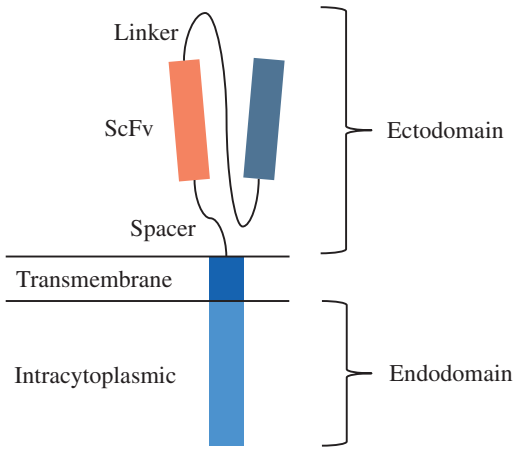
Mechanism and Structure

CAR-T cells are genetically modified T cells equipped with chimeric antigen receptors, or CARs, which program the T cells to recognize and eradicate cells expressing the corresponding antigens. Autologous CAR-T cells are generated by removing T cells from a patient's blood and engineering the T cells to express the desired CAR, such as through transfection with viral vectors bearing the plasmid that encodes the CAR construct. The following diagram illustrates the mechanism of the CAR-T cell therapy treatment process.



Source: Frost & Sullivan Analysis

The following diagram illustrates the structure of a CAR.



Source: Frost & Sullivan Analysis

The extracellular domain of a CAR generally consists of the single-chain variable fragment, or ScFv, from a monoclonal antibody, which recognizes a tumor-associated antigen. Hinges and transmembrane domains are used to link the ScFv with the intracellular signaling molecules that activate the T cells.

Advantages of CAR-T Cell Therapy over Common Cancer Treatment Methods

In addition to the advantages associated with cellular immunotherapy in general, CAR-T therapies have the following specific advantages:

- *Curative potential*. The treatment of tumors is challenging because some patients may fail to respond to treatment or are more susceptible to relapse due to drug resistance. Clinical trials have shown that CAR-T therapies are able to overcome many of these challenges via its mechanism of action and may potentially be able to completely eradicate cells expressing the tumor-associated antigen at issue, including tumor cells and tumor stem cells, which leads to a curative efficacy. Therefore, CAR-T cell therapy may be an effective treatment option for patients who have failed previous lines of treatment.

- *Live cells.* CAR-T cells are live cells when infused to patients, and they are able to proliferate inside the patient's body. Compared to other chemical drugs or biologics which are metabolized by the patient after intake and are cleared from the patients' body relatively quickly, CAR-T cells can persist and remain effective in the patient's body for weeks or months, therefore reducing the patient's need to receive multiple doses of treatment and may potentially lead to less adverse side effects and better patient tolerance.

- *Adaptability*. CAR-T cell therapies have shown the potential to be more adaptable than common cancer treatment methods to target particular diseases or being customized with desired features. For example, CAR-T cells can be made to adapt to a variety of tumor-associated targets by incorporating specifically designed CAR constructs, therefore are able to more precisely target different tumor cells that express those targets. In addition, through methods such as gene editing, regulation of gene expression and synthetic biology, CAR-T cells can be engineered to overexpress or underexpress certain selected genes or produce additional moieties or desired molecules, which may render CAR-T cells more resistant to the adverse tumor microenvironment with improved ability to penetrate into tumor mass, increased T cell expansion and prolonged persistence in the patient's body. Such features of CAR-T cell therapy may lead to a more effective anti-tumor efficacy and potentially lower treatment costs by dispensing other expensive therapeutics.

Currently Marketed CAR-T Cell Therapies

At present, there is no CAR-T cell therapy approved by the NMPA for marketing in China. In the U.S., five CAR-T products have been approved by the U.S. FDA for marketing: Kymriah, Yescarta, Tecartus and Breyanzi, all of which target CD19, and Abecma (also known as ide-cel or bb2121), which targets BCMA. Since their launches in 2017, Kymriah and Yescarta have experienced rapid growth of sales at a CAGR of 84.1% and 28.7%, respectively, from 2018 to 2020. According to Frost & Sullivan, the total sales revenue of Kymriah, Yescarta and Tecartus in 2020 was approximately US$1.1 billion, and Yescarta had treated more than 2,500 patients with R/R LBCL by the end of 2019. Tecartus, Breyanzi and Abecma were approved in 2020, 2021 and 2021, respectively.

The following table sets forth basic information about Kymriah, Yescarta, Tecartus, Breyanzi and Abecma.

No.	CAR T Product	Company	Target	Approved Indications	Location of Approval	Year of Approval
1	Kymriah	Novartis	CD19	Children R/R ALL	U.S.	2017
				Adult R/R DLBCL	U.S.	2018
				Children R/R ALL	EU	2018
				Adult R/R DLBCL	EU	2018
				Children R/R ALL	Japan	2019
				Adult R/R DLBCL	Japan	2019
2	Yescarta	Gilead/Kite	CD19	R/R LBCL	U.S.	2017
				R/R FL	U.S.	2021
				R/R LBCL	EU	2018
				R/R LBCL	Japan	2021
3	Tecartus	Gilead/Kite	CD19	R/R MCL	U.S.	2020
				R/R MCL	EU	2020
4	Breyanzi	Bristol Myers Squibb	CD19	R/R LBCL	U.S.	2021
5	Abecma (also known as ide-cel or bb2121)	Bristol Myers Squibb/ bluebird bio	BCMA	R/R MM	U.S.	2021

Note: *Tecartus was approved under accelerated approval in the US; R/R = Relapsed or refractory; ALL = Acute Lymphoblastic Leukemia; FL = Follicular Lymphoma; MCL = Mantle Cell Lymphoma; R/R LBCL = R/R Large B-cell Lymphoma, including DLBCL NOS, high grade LBCL, and DLBCL arising from FL.

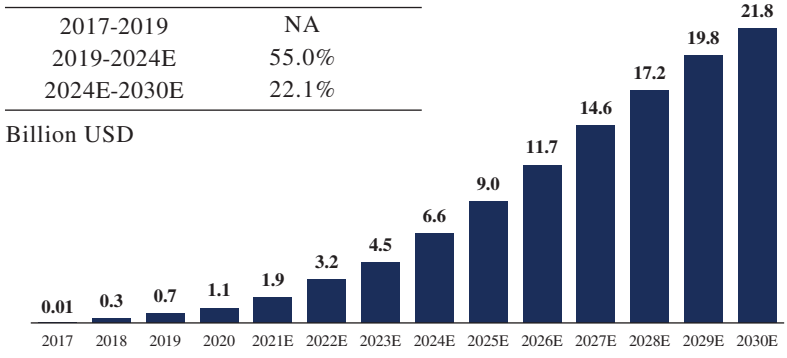
Source: FDA, Public Information, Frost & Sullivan Analysis

Global CAR-T Cell Therapy Market

The global CAR-T market has been expanding rapidly since 2017, the year when the first two CAR-T products were approved. Driven by the potential of CAR-T cell therapy to reduce unmet medical needs in treating hematological malignancies and the improving affordability of these treatments, the global CAR-T market measured by sales value has grown from US$0.01 billion in 2017 to US$0.7 billion in 2019, and the sales value of the global CAR-T cell therapy market is expected to reach US$6.6 billion in 2024, representing a CAGR of 55.0% from 2019 to 2024. By 2030, the global CAR-T market measured by sales value is expected to reach US$21.8 billion, representing a CAGR of 22.1% from 2024 to 2030.

Historical and Forecasted Sales Value of Global CAR-T Cell Therapy Market, 2017-2030E

Period	CAGR
2017-2019	NA
2019-2024E	55.0%
2024E-2030E	22.1%



Source: Frost & Sullivan Analysis

Key growth drivers of the global CAR-T market are as follows:

- *Increase of global cancer incidence.* The increasing number of cancer incidence is expected to drive the global cancer therapy market, including the global CAR-T market. The global incidence of cancers has been growing. The total global cancer incidence reached approximately 18.5 million in 2019, among which approximately 17.3 million were solid tumors. The numbers are expected to grow to approximately 24.6 million and approximately 23.0 million, respectively, in 2030. Despite the significant number of global solid tumor incidence, current treatment options for many types of solid tumors, such as gastric cancer and pancreatic cancer, are limited in efficacy and cannot benefit a broad range of cancer patients. Such unmet medical needs represent a significant market opportunity and are expected to drive the growth of novel therapeutic solutions, such as CAR-T cell therapies, once they show promising efficacy in treating solid tumors.

- *Indication expansion towards solid tumors.* As the number of cancer patients afflicted from solid tumors are significantly greater than that of hematological malignancies, it is expected that an increasing number of companies will invest substantial resources in developing CAR-T cell therapies for solid tumors. Given its market potential, as well as the fact that solid tumor incidences continue to rise, it is expected that development of CAR-T therapies into a viable treatment for solid tumors will be a key growth driver for the industry.

- *Improved safety profile.* As manufacturing processes and treatment regimens continue to improve, CAR-T treatments are expected to continue to demonstrate improvements in safety profiles, which may in turn reduce the length of hospital stay by patients receiving CAR-T cell therapies, lower the treatment cost for managing adverse events, and potentially allow CAR-T cell therapies to progress into earlier lines of treatment. As the safety profile of and demand for CAR-T cell therapies is anticipated to rise, an increasing number of patients are expected to receive CAR-T cell therapies through outpatient care and management, which allows a larger population of patients to benefit from and in turn drive further growth of the CAR-T cell therapy market.

- *Improvements in manufacturing technology and efficiency.* The manufacturing process for CAR-T cell therapy today is complicated, costly and relatively inefficient. It is expected that as CAR-T technologies continue to mature, automation systems that feature higher manufacturing quality and lower costs will be developed and adopted to better ensure consistency of cell products and production efficiency.

- *Product recognition.* The FDA approved Kymriah and Yescarta in August 2017 and October 2017, respectively, Tecartus in 2020, as well as Breyanzi and Abecma in 2021. These early approvals of CAR-T cells, as well as the rapid growth in sales of Kymriah and Yescarta, have confirmed the efficacy and viability of CAR-T therapies in treating various hematological malignancies and are expected to drive the development of additional CAR-T therapies targeting other indications to open up new market opportunities.

- *Favorable policy.* In accordance with the typical drug approval process, CAR-T cell therapies are required to go through a series of regulatory procedures, including clinical trial application, before they are approved for marketing. However, in China, the current regulatory and approval rules for CAR-T therapy are more flexible and are generally in favor of allowing the CAR-T development process to progress quickly. For example, companies can cooperate with hospitals before officially carrying out clinical trials, and hospitals can initiate unregistered early clinical trials, which can be beneficial for companies to determine the R&D risks in an early stage and avoid initiating clinical trials that are not promising or cost effective. Moreover, CAR-T clinical trials are more flexible in staging design and involve smaller sample sizes. Furthermore, insurance regimes globally have become

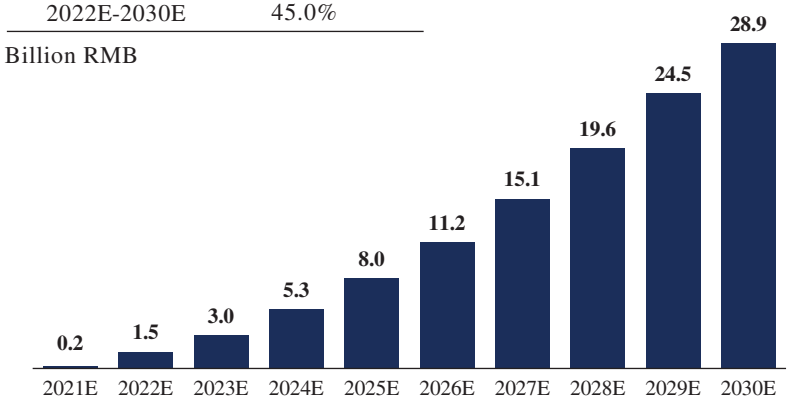
gradually more favorable to CAR-T cell therapies. In the U.S., Medicare has included two CAR-T outpatient reimbursement programs, which has reduced out-of-pocket rates for certain patients by up to 80%, which is a significant benefit for the promotion of CAR-T cell therapy.

China CAR-T Cell Therapy Market

At present, there is no CAR-T cell therapy approved by the NMPA for marketing in China. Two CD19-targeted CAR-T cell therapies have progressed to the NDA submission stage. In particular, Fosun Kite (復星凱特) submitted an NDA for FKC876, the same CAR-T cell therapy as Yescarta, to the NMPA for the treatment of R/R B-cell NHL in 2020. In the same year, JW Therapeutics (藥明巨諾) submitted an NDA for relmacabtagene autoleucel ("**relma-cel**"), to the NMPA for the treatment of R/R B-cell lymphoma. It is anticipated that the first CAR-T cell therapies will be approved by the NMPA and launched in China in 2021, when CAR-T therapies are estimated to have a market size of RMB0.2 billion. The size of the China CAR-T cell therapy market is expected to grow to RMB5.3 billion in 2024 and further to RMB28.9 billion in 2030, representing a CAGR of 45.0% from 2022 to 2030.

Forecasted Market Size of China CAR-T Cell Therapy Market, 2021E-2030E

Period	CAGR
2022E-2030E	45.0%



Source: Frost & Sullivan Analysis

Key growth drivers of China CAR-T market are as follows:

- *Growing patient pool diagnosed with cancer.* The increasing number of cancer patients, especially treatment naïve and early-stage patients, is expected to drive the development of cellular immunotherapy, including CAR-T cell therapy, in China. The incidence of cancers has been increasing steadily in past years due to an increasingly aging population, changing lifestyle and environmental issues, reaching a total of approximately 4.4 million in 2019 among which approximately 4.2 million are solid tumors and 974.6 thousand were gastric, pancreatic and liver cancers. The numbers are expected to grow to approximately 5.8 million, 5.5 million and 1.3

million, respectively, in 2030. In 2019, in China, cancer incidences reached approximately 3.1 thousand per million people. Despite this, a limited number of effective cancer treatment options are available. As such, China represents a significant market opportunity for CAR-T cell therapies given its potential to address a currently unmet clinical need, while exhibiting superior efficacy and fewer side effects.

- *Improving affordability.* Driven by rapid economic development, the average disposable income of Chinese households has increased significantly in the last five years, and is expected to further increase in the future, which will enhance the willingness and ability of patients to pay for more expensive treatments. Furthermore, due to a favorable regulatory environment, demand for commercial health insurance has also shown significant growth since 2017, and consequently, is expected to lead to an increase in healthcare expenditures and increasing acceptance of expensive and innovative treatments. In 2019, 3.6% of the total healthcare expenditures in China were paid with commercial health insurance and is expected to increase rapidly to 17.9% by 2030. In recent years, the National Reimbursement Drug List, or the NRDL, has conducted three price negotiations and incorporated over 30 anti-cancer drugs in order to control drug prices and increase their affordability.

- *Favorable policy.* Since 2017, China's healthcare system has pushed forward significant reforms, including the promulgation of a number of policies that encourage drug innovation, simplification of the review process of clinical trial and new drug application and expansion of medical reimbursement. For example, the implied approval system for INDs allows the applicant to start conducting clinical trials in accordance with its submitted clinical trial plan, if a negative or doubtful opinion is not received from the CDE within 60 days of the submission of the IND application. As a result of these favorable policies and guidelines, currently over ten cellular immunotherapy products have obtained implied approval and started clinical trials, which is expected to expedite the development and drive the growth of China's CAR-T cell therapy market.

- *Increasing number of CAR-T therapy-eligible hospitals*. Currently, most hospitals in China that have been selected as clinical trial sites for CAR-T therapy are Class III Grade A hospitals. China's hospitals are categorized as Class I, Class II and Class III. Each class has three grades: A, B and C. The class and grade are assessed based on the hospital's achievements, allocation of department resources, its medical team and management, technique level, medical devices and other factors. The highest level is Class III Grade A. Since Class III Grade A hospitals have strong scientific medical research capabilities, qualified personnel and adequate laboratories and equipment, they are more likely to be eligible to provide CAR-T therapy to patients.

As there are already more than 1,400 Class III Grade A hospitals in China, and it is expected that more hospitals will become qualified to provide CAR-T therapies, such technological competency will contribute to the growth of the China CAR-T market.

- *Increasing capital investment.* A large number of investors consider CAR-T cell therapies to be promising for the treatment of cancer, especially their potential capability to significantly increase overall survival rates. Such stimulated investor interest brings substantial capital into the field, which significantly promotes the progress of the development of CAR-T cell therapies in China.

Challenges for CAR-T Cell Therapy and the Potential Solutions

The successful development and commercialization of CAR-T cell therapy face a variety of challenges, such as building a large-scale production capacity, the establishment of upstream and downstream supplies and logistics networks and the reduction of CAR-T production costs. Some of the main challenges for CAR-T cell therapy are toxicity management, limited efficacy in treatment of solid tumors, and cost control. Quality control in the context of commercial-scale manufacturing also poses a substantial challenge for ensuring product consistency in the CAR-T manufacturing process. Additional details of such challenges and potential solutions are set forth below.

- *Toxicity management.* The primary toxicity associated CAR-T cell therapy is cytokine release syndrome, or CRS. Other toxicities include neurologic events and infection complications. CRS results from rapid immune activation induced by CAR-T cells, and is one of the most prevalent treatment-related toxicities following the infusion of CAR-T cells into patients. CRS initially manifests with fever, low blood pressure, inflammation and can progress to life-threatening capillary leak with hypoxia and hypotension. The clinical signs of CRS correlate with T cell activation and high levels of cytokines. Mild CRS is managed by supportive care, antipyretic treatment, timely evaluation to exclude other etiological factors and antibiotic treatment to avoid infection. Severe CRS is treated with corticosteroids, tocilizumab and anti-IL1 treatment such as anakinra. Neurologic events are managed by antiepileptic drugs, and infection complications are treated with antibacterial drugs to prevent neutropenia.

- *Limited efficacy in solid tumors.* Despite the promising progress in the treatment of hematological malignancies with CAR-T therapies as a modality, it has been significantly more challenging to achieve success in treating solid tumors with CAR-T therapies due to a variety of factors, such as difficulty in identifying solid tumor-associated antigens, target antigen heterogeneity, and limited CAR-T infiltration and persistence in tumor masses due to the immunosuppressive tumor microenvironment. Other than the promising data generated in trials for our product candidates, objective responses to CAR-T cell therapies in solid tumor patients are anecdotal.

- *Cost control.* The vast majority of CAR-T cell therapies under development or commercialization are autologous, which are highly personalized CAR-T products that require the use of T cells of a patient to manufacture for that particular patient. The highly customized nature of the treatment results in a total treatment cost of approximately US$1.5 million and a direct cost of CAR-T cell therapy of approximately US$0.4 million per patient per therapy in the United States for the currently-approved CAR-T cell therapies, The relatively long and complex manufacturing process also leads to high production cost. The high manufacturing cost of CAR-T cell therapy has contributed to the limited number of patients receiving CAR-T cell therapy to date. Potential solutions to reduce the manufacturing cost include deploying fully-automatic production lines and utilizing allogeneic CAR-T technologies that reduce the highly personalized nature of CAR-T cell therapies and make them readily available "off-the-shelf" with lowered cost.

Competitive Landscape of CAR-T Candidate Therapies for Solid Tumors

Set forth below are numbers of CAR-T product candidates designed to treat solid tumors, which are under clinical development with IND clearance and categorized by geographic locations and stages of clinical development.

CAR-T Candidates for Solid Tumors

Phase	Number of Candidates
Oversea	
Phase 1/2	3
Phase 1	22
China	
Phase 1	1
Phase 1/2	1

Source: ClinicalTrials, CDE, Frost & Sullivan Analysis

Regulatory Framework for CAR-T Cell Therapies

Despite the differences in the regulatory structure and commercialization framework for CAR-T cell therapies in China, the U.S. and the EU, there is no apparent difference in the procedure of obtaining an IND or NDA/BLA for CAR-T products in these regions. In particular, the sponsors of the relevant CAR-T product candidates must obtain the IND approval or clearance to carry out clinical trials, collect sufficient data to prove the safety and

efficacy of the therapy, and obtain NDA/BLA approved for marketing. In addition, post-marketing observational studies involving patients treated with CAR-T products are required by regulators in China, the U.S. and the EU. The following table sets forth a comparison of the regulatory framework for CAR-T therapies in China, the U.S. and the EU.

Region	Registration Category	Clinical Data Evaluated by	Market Authorization Issued by	Approval Based Upon	Post-marketing Study
China	Biologics	CDE	NMPA	Efficacy, Safety, Severity of targeted indications	Required
U.S.	Vaccines, Blood & Biologics	CBER	FDA	Efficacy, Safety, Severity of targeted indications	Required
EU	ATMP	EMA	EC	Efficacy, Safety, Severity of targeted indications	Required

Notes: ATMP = Advanced Therapy Medicinal Product; CDE = Center for Drug Evaluation; CBER = Center for Biologics Evaluation and Research; NMPA = National Medical Products Administration; FDA = Food and Drug Administration; EC = European Commission

Source: *Marks P. The FDA's Regulatory Framework for Chimeric Antigen Receptor-T Cell Therapies. Clin Transl Sci. 2019;12(5):428-430. doi:10.1111/cts.12666, https://www.fdli.org/2020/12/regulations-of-car-t-cell-therapies-the-past-present-and-future-is-it-safe/. The official website of the U.S. FDA, the NMPA, the EC, Frost & Sullivan Analysis*

Orphan Medicinal Product Designation

The EMA is responsible for reviewing applications from sponsors for orphan designation. To qualify for orphan designation, a medicine must meet a number of criteria: (1) it must be intended for the treatment, prevention or diagnosis of a disease that is life-threatening or chronically debilitating; (2) the prevalence of the condition in the EU must not be more than 5 in 10,000 or it must be unlikely that marketing of the medicine would generate sufficient returns to justify the investment needed for its development; and (3) no satisfactory method of diagnosis, prevention or treatment of the condition concerned can be authorized, or, if such a method exists, the medicine must be of significant benefit to those affected by the condition. Applications for orphan designation are examined by the EMA's Committee for Orphan Medicinal Products (COMP), using the network of experts that the Committee has built up. The evaluation process takes a maximum of 90 days from validation. The Agency sends the COMP opinion to the European Commission, which is responsible for granting the orphan designation. Sponsors who obtain orphan designation enjoy benefits including (1) protocol assistance, a form of scientific advice specific for designated orphan medicines which allows sponsors to get answers to their questions on the types of studies needed to demonstrate the medicine's quality, benefit and risks, and information on the significant benefit of the medicine; (2) access to the

centralized authorization procedure, which allows companies to make a single application to the EMA, resulting in a single opinion and a single decision from the European Commission, valid in all EU Member States, as well as potential access to conditional approval, which is conducted under the centralized procedure; and (3) 10 years of market exclusivity once the medicine is on the market from market competition with similar medicines targeting similar indications. This period of protection is extended by two years for medicines that also have complied with an agreed pediatric investigation plan granted at the time of review of the orphan medicine designation. After receiving the orphan designation, sponsors must submit an annual report to the Agency summarizing the status of development of the medicine.

Regulatory Approaches regarding Investigator-Initiated Trials (IITs)

An investigator-initiated trial, or IIT, is a clinical trial in which the investigator conceives the research, develops the protocol, and serves as sponsor investigator. The scope of such trials is often uncovered and complementary to the industry-sponsored trial, such as research on rare diseases, comparison of diagnostic or therapeutic methods, or new uses of marketed drugs. Therefore, IITs can potentially enhance the depth and breadth of drug research, and provide broader access to research for evidence-based medicine. Listed below are summaries of the regulatory approaches regarding the IITs in China, the U.S., and the EU.

- *China.* IITs refer to the clinical trials initiated by the investigators in the hospitals. Generally speaking, the purpose of an IIT is not to apply for marketing authorization. It is under the supervision of the NHC and the ethics committees of the particular clinical sites, and the relevant research data are required to be submitted regularly to the NHC. However, if IITs are conducted in a manner that meets specific requirements of the CDE, the data generated from IITs may be used as part of the evidence to support subsequent INDs and marketing authorization applications. In December 2020, the NHC issued a draft regulation with regard to IIT for public comments (醫療衛生機構開展研究者發起的臨床研究管理辦法(徵求意見稿)), which purports to set out requirements for IITs, such as specific requirements regarding organization and management of project initiation and implementation, financial management, and supervision. As of the Latest Practicable Date, this draft had not been promulgated.

- *United States.* The U.S. FDA may accept data generated in GCP-compliant IITs conducted outside of the U.S. For example, the interim data of IIT studies for CT053 and CT041 were accepted by the U.S. FDA to support our IND application in the U.S. Furthermore, in the case of CT041, the U.S. FDA accepted the interim data from the investigator-initiated trial and allowed us to directly commence a Phase Ib clinical trial in the U.S.

- *EU.* Similar to the U.S. FDA, the EMA may accept clinical data generated from IITs conducted outside the EU under strict GCP-compliant conditions. For example, the EMA reviewed the data generated from the IIT trials of CT053 and granted the PRIME designation and the Orphan Medicinal Product designation to CT053.

Competitive Landscape of IIT with CAR-T in China, the U.S. and the EU

The following tables set forth the top hospitals in China, the U.S. and the EU with ongoing hospital-sponsored CAR-T trials based on publicly available information. While healthcare institutions initiate numerous IITs on CAR-T outside the IND pathway, the data generated from such trials are not directly eligible for the preparation and submission of an NDA.

China

Hospital	Number of Registered IITs	CLDN18.2 CAR-T Related Trials	BCMA CAR-T Related Trials	GPC3 CAR-T Related Trials	CD19 CAR-T Related Trials
Chinese PLA General Hospital	18	0	2	0	12
Hebei Yanda Ludaopei Hospital	16	0	3	0	11
The First Affiliated Hospital of Soochow University	14	0	5	0	9
First Affiliated Hospital of Zhejiang University	10	0	2	1	6
Southwest Hospital, China	10	0	1	0	2
Institute of Hematology & Blood Diseases Hospital of CAMS/PUMC	10	0	1	0	6
Henan Cancer Hospital	8	0	2	0	5
The First Affiliated Hospital with Nanjing Medical University	9	0	1	0	3
RenJi Hospital	7	0	0	3	2
Beijing Cancer Hospital	6	1	0	0	5
Zhujiang Hospital	7	0	0	0	2
Second Affiliated Hospital, School of Medicine, Zhejiang University	7	0	1	0	1
Shenzhen Second People's Hospital	5	0	1	0	3

Source: ClinicalTrials.gov, Frost & Sullivan Analysis

The U.S.

Hospital	CLDN18.2 CAR-T Related Trials	BCMA CAR-T Related Trials	CPC3 CAR-T Related Trials	CD19 CAR-T Related Trials
University of Pennsylvania	0	0	0	5
University of California, San Francisco	0	0	0	1
University of California, San Diego	0	0	0	1
University Hospitals Cleveland Medical Center	0	0	0	1
St. Jude Children's Research Hospital	0	0	0	1
Seattle Children's Hospital	0	0	0	4
National Cancer Institute	0	2	0	4
Memorial Sloan Kettering Cancer Center, Dana-Farber Cancer Institute	0	0	0	1
Memorial Sloan Kettering Cancer Center	0	0	0	4
Medical College of Wisconsin	0	0	0	3
M.D. Anderson Cancer Center	0	0	0	6
Fred Hutchinson Cancer Research Center	0	2	0	2
Fred Hutch/University of Washington Cancer Consortium	0	0	0	3
City of Hope Medical Center	0	0	0	2
Children's Hospital of Philadelphia	0	0	0	1
Children's Hospital Colorado	0	0	0	1
Baylor College of Medicine	0	0	4	5
Abramson Cancer Center of the University of Pennsylvania	0	1	0	5

Source: ClinicalTrials, Frost & Sullivan Analysis

The EU

Hospital	CLDN18.2 CAR-T Related Trials	BCMA CAR-T Related Trials	CPC3 CAR-T Related Trials	CD19 CAR-T Related Trials
University Hospital Heidelberg	0	0	0	1
University College London Hospital	0	0	0	3
UCL Institute of Child Health	0	0	0	1
The Lymphoma Academic Research Organisation	0	0	0	1
The Christie NHS Foundation Trust	0	0	0	1
Institut d'Investigacions Biomèdiques August Pi i Sunyer, Instituto de Salud Carlos III	0	0	0	1
Institut d'Investigacions Biomèdiques August Pi i Sunyer	0	1	0	0
Hospital Clínic de Barcelona	0	0	0	1
Great Ormond Street Hospital	0	0	0	1
Bambino Gesù Hospital and Research Institute	0	0	0	2

Source: ClinicalTrials, Frost & Sullivan Analysis

OVERVIEW OF BCMA-TARGETED CAR-T CELL THERAPY

Therapeutic Areas of Interest

Multiple Myeloma (MM)

Overview

Globally, MM is the second most common hematological malignancy, ranking only behind DLBCL. MM is a hematological malignancy characterized by the accumulation of abnormal monoclonal plasma cells in the bone marrow, the presence of monoclonal immunoglobulin, also known as M protein, in the serum or urine. The disease can damage the bones, immune system, kidneys, and red blood cell count. MM often results in extensive skeletal destruction with osteolytic lesions, osteopenia, and/or pathologic fractures. It is more common in elderly patients.

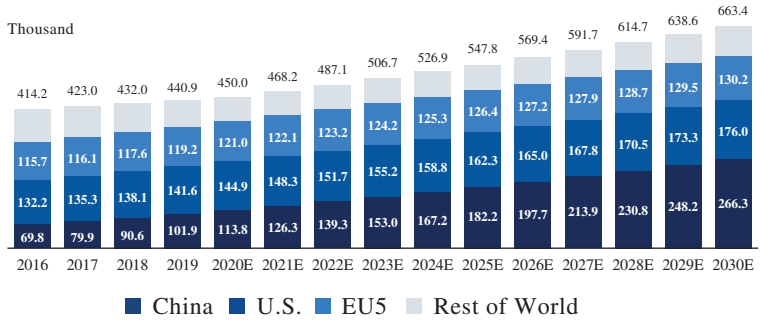
The global prevalence of MM has grown from 414.2 thousand in 2016 to 440.9 thousand in 2019, representing a CAGR of 2.1%. It is expected that the prevalence will grow to 526.9 thousand in 2024 and 663.4 thousand in 2030, at a CAGR of 3.6% and 3.9%, respectively, from 2019 to 2024 and from 2024 to 2030, respectively. Due to the limitations of the current treatment options for MM, nearly all MM patient will relapse

or become refractory to the existing therapies. Therefore, R/R MM not only is the focus of research and development for treating MM but also accounts for a substantial portion of the MM therapeutics market. It is expected that the global MM therapeutics market will reach US$39.5 billion in 2024 and further increase to US$47.3 billion in 2030. The size of the MM therapeutics market in China is expected to reach US$2.4 billion in 2024 and US$3.9 billion in 2030.

The prevalence of MM in China exhibits a much faster growth trend partly due to the fast-growing aging population in China. The prevalence of MM increased from 69.8 thousand in 2016 to 101.9 thousand in 2019 at a CAGR of 13.5%. With the increasing aging population in China, the prevalence of MM is expected to grow to 167.2 thousand in 2024 at a CAGR of 10.4% from 2019 and further to 266.3 thousand in 2030 at a CAGR of 8.1% from 2024. The diagnostic rate of MM in China is relatively low due to the complicated diagnostic process and lack of accessibility to effective diagnostic methods. The prevalence of MM in the U.S. increased from 132.2 thousand in 2016 to 141.6 thousand in 2019, representing a CAGR of 2.3%. It is expected that the prevalence will grow to 158.8 thousand in 2024 and 176.0 thousand in 2030, at a CAGR of 2.3% and 1.7%, respectively, from 2019 to 2024 and from 2024 to 2030, respectively. The prevalence of MM in the five European countries grew from 115.7 thousand in 2016 to 119.2 thousand in 2019, representing a CAGR of 1.0%. It is expected that the prevalence will grow to 125.3 thousand in 2024 and 130.2 thousand in 2030, at a CAGR of 1.0% and 0.6%, respectively, from 2019 to 2024 and from 2024 to 2030, respectively.

Prevalence of Multiple Myeloma, 2016-2030E

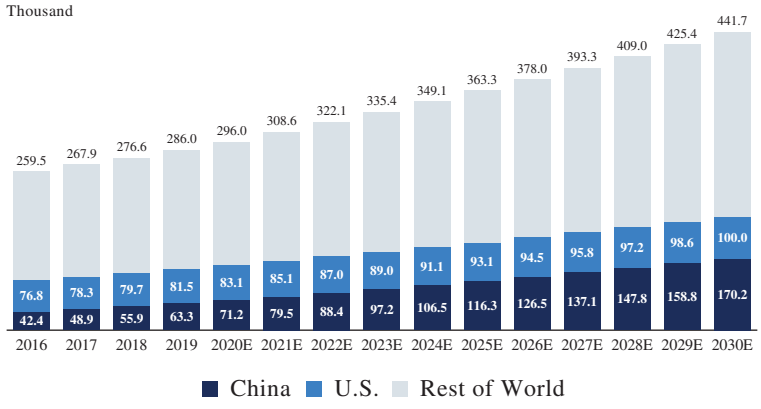
Period	CAGR		
	China	U.S.	EU5
2016-2019	13.5%	2.3%	1.0%
2019-2024E	10.4%	2.3%	1.0%
2024E-2030E	8.1%	1.7%	0.6%



Source: GLOBOCAN, NCCR, Frost & Sullivan Analysis

Set forth below is the historical prevalence of R/R MM from 2016 to 2019 and the expected prevalence of R/R MM from 2020 to 2030. The percentages of MM patients who fail three prior lines of systematic therapy vary from 10%-20%, 10%-15% and 5%-20% in China, the U.S. and around the world, respectively. The percentages were calculated based on the number of MM patients who failed three prior lines treatment in reference to the total prevalence of MM.

Prevalence of R/R Multiple Myeloma



Source: Frost & Sullivan Analysis

Treatment Paradigm, Limitations and Unmet Medical Needs

The current targeted therapy treatment options for MM can be categorized into three classes: immunomodulatory drugs, or IMiDs, proteasome inhibitors and anti-CD38 mAbs. Combination therapy is standard of care in MM treatment. Different combinations of regimens with unique and complementary mechanisms of action are required for patients that relapse early or do not respond to initial first-line treatment.

Transplant eligible patients are generally treated with first-line combination therapy before transplantation, primarily utilizing a proteasome inhibitor (bortezomib) and/or IMiD (thalidomide or lenalidomide), together with chemotherapy and dexamethasone. The first line treatment options for transplant ineligible patients are similar to the foregoing treatments. Single agent bortezomib or lenalidomide are typically used for maintenance treatment after transplantation. The medicines used in combination therapies will be determined by patient's age, disease risk factors, and performance status.

Regimens with mechanisms of action that differ from the ones applied in the first-line treatment are typically recommended as second-line treatment of R/R MM patients. The same principle applies to later-line treatments. Anti-CD38 mAbs are usually combined with other therapeutics in the later line setting and their efficacy remain limited. Reported data from a clinical trial assessing daratumumab as monotherapy in R/R MM patients in the fourth or later line setting showed a median PFS of 3.7 months.

Published data of a clinical trial in 103 R/R MM patients to assess the combination therapy of daratumumab, pomalidomide and dexamethasone as third or later line therapy showed a median PFS of 8.8 months. Once the BCMA-targeted CAR-T cell therapy, such as CT053, is approved, it is expected to be an important option for the treatment of R/R MM patients who are relapsed or refractory to the existing classes of targeted therapies. In addition, we intend to develop CT053 for an earlier line of treatment in light of its potentially promising safety and efficacy profile.

There are significant unmet medical needs for MM patients that call for alternative options as a result of the following features of MM diagnosis and treatment:

- *Incurable.* The prognosis of an MM patient is very heterogeneous and is subject to various factors, such as genetics, performance status and stage of disease, which in turn determine the treatment and management of the disease. Current treatment regimens can prolong patient survival; however, MM remains incurable and patients will eventually relapse and succumb to their disease. As a result, patients may require continuous treatment in order to manage MM as a chronic disease and regimens with convenient administration that can provide the convenience of outpatient treatment. Existing treatment options with different mechanisms of action are usually exhausted early on in the treatment, as patients are treated with doublet and triplet combination regimens in early treatment lines. Therefore, new classes of therapy with novel mechanisms of action are required for patients that relapse or are refractory to the current classes of drugs. There are a few new classes of MM therapy, for example, the BCMA ADC, which could reach an ORR of 31% as a third or later line treatment, and 73% of the patients who responded to the treatment continued to respond at month six, and SINE inhibitors such as selinexor. However, such new classes of MM therapies may not be able to completely cure MM. With about 16.2 thousand and 117.1 thousand deaths expected to be caused by MM in China and globally in 2020, respectively, there remains a significant unmet need for therapies for patients whose disease has relapsed after, or is refractory to, available MM therapies.

- *Significant treatment cost.* Treatment for MM is costly. For example, the price of daratumumab, an anti-CD38 target therapy, could be as high as $617 per 5 milliliter dose and patients need frequent administration of daratumumab to manage MM as a chronic disease. Overall, daratumumab alone costs approximately US$134.5 thousand annual for each MM patient. In addition, as anti-CD38 target therapy usually needs to be combined with other therapeutics, the total treatment cost for MM may be significantly higher. For example, a combination therapy of daratumumab, lenalidomide and dexamethasone would cost an additional US$53.8 thousand each year. Beyond direct costs associated with therapeutics, MM patients, or the healthcare system as the case may be, also need to pay for hospitalization, which could cost US$20.8 thousand for single stay. Generally, MM patients need to incur hospitalization costs for each

treatment cycle that could be as frequent as once every month. In addition, treatment cost of MM also include other expensive supporting therapies, such as bisphosphonate for the MM-related bone disease and dialysis for possible renal failure which might add to the total cost for each patient of US$165.0 thousand and US$88.6 thousand, respectively, each year.

Overview of BCMA

B-cell maturation antigen (BCMA), also referred to as TNFRSF17 or CD269, is a member of the tumor necrosis factor receptor superfamily. BCMA is preferentially expressed by mature B lymphocytes, and its overexpression and activation are associated with MM through APRIL or BAFF ligand binding, which promotes proliferation, survival, drug-resistance and anti-apoptosis of myeloma cells.

Competitive Landscape

Abecma (also known as ide-cel or bb2121) developed by Bristol Myers Squibb and bluebird bio received the marketing approval from the U.S. FDA on March 26, 2021 for the treatment of R/R MM after four or more lines of therapy. As of the Latest Practicable Date, there were not other approved BCMA-targeted CAR-T product candidate, and there were 17 BCMA-targeted CAR-T product candidates, including CT053, under clinical development for the treatment of MM globally. LCAR-B38M/JNJ-68284528 ("**JNJ-4528**") developed by Legend Biotech and Janssen had submitted the BLA to the U.S. FDA. Details of the BCMA-targeted CAR-T product candidates under investigation in the Phase I or Phase II clinical trials are set out below:

Clinical trials in China

No.	Candidates	Company	Highest Phase	Indications
1	LCAR-B38M (JNJ-68284528)	Legend Biotech (傳奇生物)	Phase 2	R/R Multiple Myeloma
2	CT103A	IASO Bio (馴鹿醫療)	Phase 1/2	R/R Multiple Myeloma
3	CT053	CARsgen Therapeutics	Phase 1/2	R/R Multiple Myeloma
4	CART-BCMA	Pregene (深圳普瑞金生物藥業)	Phase 1	R/R Multiple Myeloma
5	Human BCMA targeted T Cells Injection	Hrain Biotechnology (上海恒潤達生生物科技)	Phase 1	R/R Multiple Myeloma

Source: CDE, Frost & Sullivan Analysis

Clinical trials in Other Countries

No.	Candidates	Company	Highest Phase	Indications	Countries
1	Descartes-11	Cartesian Therapeutics	Phase 2	R/R Multiple Myeloma	U.S.
2	Descartes-08	Cartesian Therapeutics	Phase 1/2	R/R Multiple Myeloma	U.S.
3	P-BCMA-101	Poseida Therapeutics	Phase 1/2	R/R Multiple Myeloma	U.S.
4	JCARH125	Juno Therapeutics	Phase 1/2	R/R Multiple Myeloma	U.S.
5	PBCAR269A	Precision BioSciences	Phase 1/2	R/R Multiple Myeloma	U.S.
6	bb21217	Bluebird Bio	Phase 1	R/R Multiple Myeloma	U.S.
7	KITE-585	Kite	Phase 1	R/R Multiple Myeloma	U.S.
8	CT053	CARsgen Therapeutics	Phase 1	R/R Multiple Myeloma	U.S.
9	ALLO-715	Allogene Therapeutics	Phase 1	R/R Multiple Myeloma	U.S.
10	CART-ddBCMA	Arcellx	Phase 1	R/R Multiple Myeloma	U.S.
11	PHE885	Novartis	Phase 1	R/R Multiple Myeloma	U.S.
12	anti-BCMA CAR-T (CYAD-211)	Celyad Oncology	Phase 1	R/R Multiple Myeloma	U.S.
13	Anti-BCMA CAR T cells	Allife Medical Science and Technology (呈諾醫學科技)	Phase 1	R/R Multiple Myeloma	U.S.

Source: ClinicalTrials, Frost & Sullivan Analysis

It is anticipated that the focal point of the future development and competition of BCMA-targeted CAR-T cell therapies will be improving their safety profile which may potentially allow CAR-T cell therapies to move toward earlier lines of treatment or to the outpatient setting. Once permitted as an earlier line of treatment or to be used in the outpatient setting, BCMA-targeted CAR-T cell therapies are projected to greatly expand their market size with an enlarged pool of eligible patients. Furthermore, the potential curative effects of CAR-T cell therapies may also help to significantly reduce the total treatment cost of R/R MM, which may further increase the market demand for BCMA-targeted CAR-T cell therapies, as patients would no longer have to continuously pay for various different treatment options that eventually cannot prevent the relapse of MM.

Currently there is no clinical trial of TCR-T candidates targeting BCMA initiated or sponsored by industry globally.

OVERVIEW OF CLAUDIN18.2-TARGETED CAR-T CELL THERAPY

Therapeutic Areas of Interest

Gastric Cancer

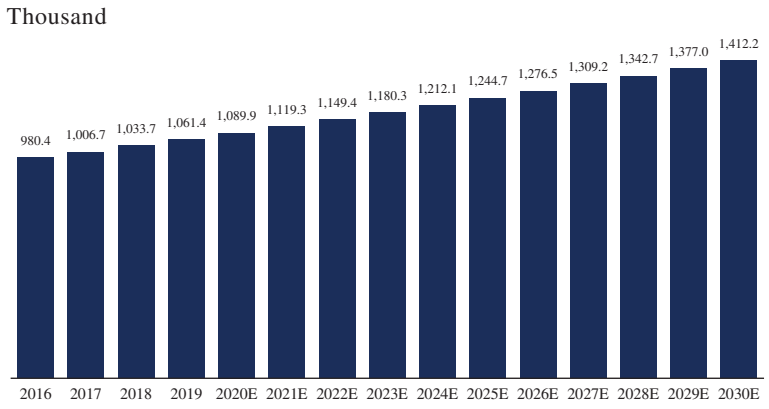
Overview

Gastric cancer is a disease in which the cells forming the inner lining of the stomach become abnormal and start to divide uncontrollably, forming a cancerous tumor mass. Stomach cancer typically develops in stages over years. However, as symptoms of the disease vary depending on the location of the cancer, which pose significant challenges for the timely detection and diagnosis, a substantial percentage of patients are diagnosed with late-stage gastric cancer. Gastric cancer is one of the leading causes of cancer deaths in the world, which has the nature of fast progression and metastasis, with over one million people diagnosed with the disease annually. Although early-stage gastric cancer could be treated by surgery, the onset of gastric cancer is imperceptible which means that the majority of cases of gastric cancer are diagnosed at a late stage. Late-stage gastric cancer patients usually have poor prognosis with high mortality within one year resulting from stomach dysfunction and other organs being invaded by tumor cells. Besides, if deemed beneficial, almost all late-stage gastric cancer patients will receive a series of lines of systemic therapies, but the current treatment options in general cannot extend the overall survival time of gastric cancer patients beyond one year. Every year, over 700,000 people will die from gastric cancer globally. More than 90% of gastric cancers are caused by adenocarcinomas, malignant cancers that originate in glandular tissues.

Gastric cancer affects a large population worldwide. The global incidence of gastric cancer increased from 980.4 thousand in 2016 to 1,061.4 thousand in 2019, representing a CAGR of 2.7%. The global incidence is expected to exceed 1.2 million in 2024 at a CAGR of 2.7% from 2019, and further increase to over 1.4 million in 2030 at a CAGR of 2.6% from 2024 to 2030.

Global Incidence of Gastric Cancer, 2016-2030E

Period	CAGR
2016-2019	2.7%
2019-2024E	2.7%
2024E-2030E	2.6%

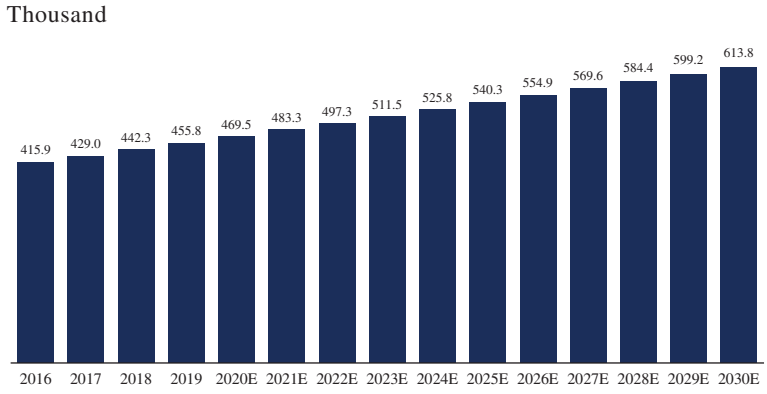


Source: IARC, Frost & Sullivan Analysis

Gastric cancer is one of the most frequently occurring cancers in China. The incidence of gastric cancer in China grew from 415.9 thousand in 2016 to 455.8 thousand in 2019 at a CAGR of 3.1%. The incidence of gastric cancer in China is expected to reach 525.8 thousand in 2024 at a CAGR of 2.9% from 2019, and further increase to 613.8 thousand in 2030, representing a CAGR of 2.6% from 2024 to 2030.

China Incidence of Gastric Cancer, 2016-2030E

Period	CAGR
2016-2019	3.1%
2019-2024E	2.9%
2024E-2030E	2.6%



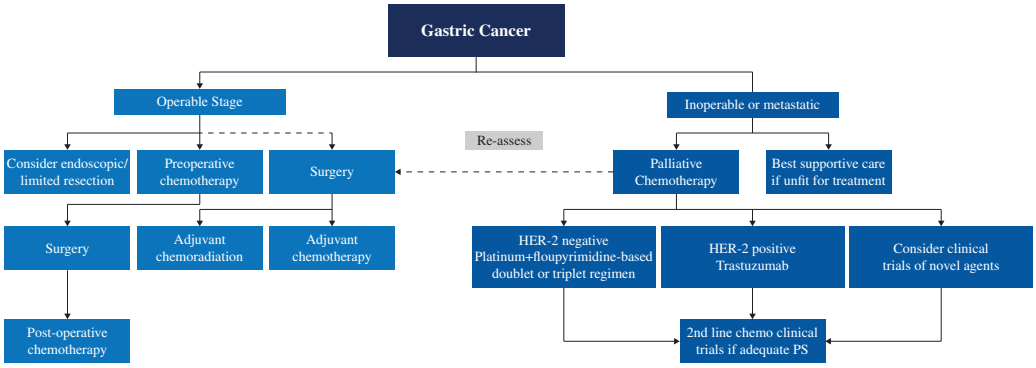
Source: NCCR, Frost & Sullivan Analysis

The incidence of gastric cancer in the U.S. increased from 26.4 thousand in 2016 to 27.5 thousand in 2019, representing a CAGR of 1.4%. It is expected that the incidence will grow to 30.7 thousand in 2024 and 34.8 thousand in 2030, at a CAGR of 2.8% and 2.1%, respectively, from 2019 to 2024 and from 2024 to 2030, respectively. The incidence of gastric cancer in France, Germany, Italy, Spain and the United Kingdom (the "**five European countries**" or "**EU5**") remains relatively stable and increased from 44.6 thousand in 2016 to 45.0 thousand in 2019, representing a CAGR of 0.3%. It is expected that the incidence will grow to 45.5 thousand in 2024 and 45.6 thousand in 2030, at a CAGR of 0.2% and 0.1%, respectively, from 2019 to 2024 and from 2024 to 2030, respectively.

The percentages of gastric cancer patients who fail two prior lines of systemic therapies vary from 30%-40%, 18%-23% and 15%-40% in China, the U.S. and around the world, respectively. The percentages were calculated based on the number of gastric cancer patients who failed two prior lines of treatment in reference to the total number of diagnosed gastric cancer patients.

Treatment Paradigm, Limitations and Unmet Medical Needs

The following diagram shows the major treatment paradigm of gastric cancer.



Source: NCCN, Frost & Sullivan Analysis

The standard of care for gastric cancer is similar in China and in the U.S. Surgery is the main method in treating resectable gastric cancer from stage I to III, while chemotherapy and targeted therapy are adopted to treat unresectable gastric cancer and advanced metastatic gastric cancer. Although the chemotherapy regimens for gastric cancer have been improved over the past four decades, the efficacy of the first-line chemotherapies for gastric cancer is still considerably low with an ORR of approximately 25%, a median PFS of approximately 2.2 months and a median OS of approximately 5.6 months. To date, trastuzumab, a monoclonal antibody targeting HER2, is the first and only anti-HER2 mAb for gastric cancer treatment approved by authorities in China and the U.S. Despite the reported efficacy of trastuzumab, its application is limited by the relatively small portion of HER2 positive gastric cancer, which only accounts for approximately 7.3%-20.2% of all gastric cancer cases. For HER2 negative gastric cancer patients, anti-PD-1/PD-L1 therapies have been emerging treatment options. However, anti-PD-1/PD-L1 therapies only bring a limited survival benefit. In the third- or later-line setting, nivolumab, an anti-PD-1 mAb, achieved an ORR of 11.2%, a PFS of 1.6 months and an OS of 5.3 months, and pembrolizumab, another anti-PD-1 mAb, showed similar efficacy with an ORR of 11.6%, a PFS of 2 months and an OS of 5.6 months.

Pancreatic Cancer

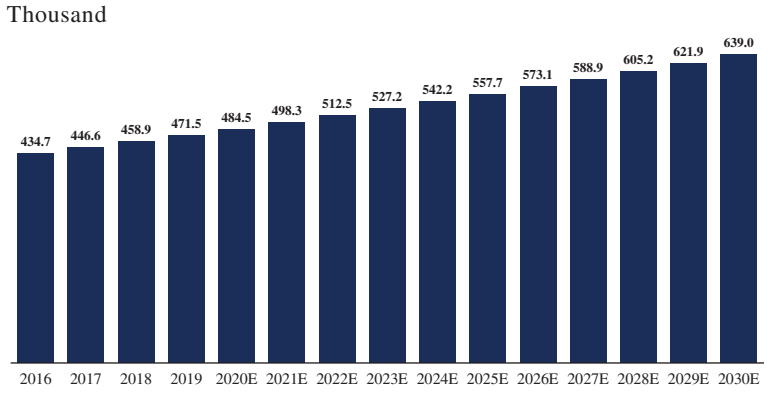
Overview

Pancreatic cancer is caused by the abnormal and uncontrolled growth of cells in the pancreas, a large gland of the digestive system. Pancreatic cancer is one of the most lethal cancer types globally. A key factor contributing to the high lethality of pancreatic cancer is the acquired immune privilege that allow cancerous cells to avoid eradication by the immune system, which is mainly driven by an immunosuppressive tumor microenvironment and poor T cell infiltration into the tumor masses.

In 2016, the global incidence of pancreatic cancer was 434.7 thousand. By 2019, the global incidence of pancreatic cancer reached to about 471.5 thousand, representing a CAGR of 2.7% from 2016 to 2019. It is expected that the incidence of pancreatic cancer will increase to 542.2 thousand in 2024, at CAGR of 2.8% from 2019, and further increase to 639.0 thousand in 2030, at a CAGR of 2.8% from 2024 to 2030.

Global Incidence of Pancreatic Cancer, 2016-2030E

Period	CAGR
2016-2019	2.7%
2019-2024E	2.8%
2024E-2030E	2.8%

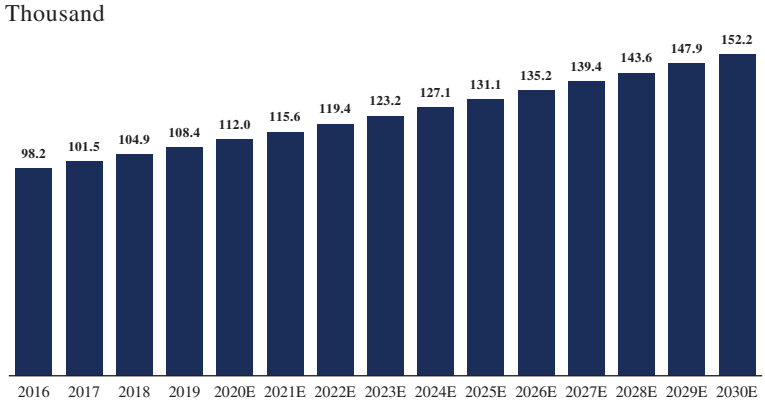


Source: IARC, Frost & Sullivan Analysis

The incidence of pancreatic cancer in China increased from 98.2 thousand in 2016 to 108.4 thousand in 2019, representing a CAGR of 3.3%. The incidence of pancreatic cancer is expected to grow to 127.1 thousand in 2024 at a CAGR of 3.2% from 2019, and further increase to 152.2 thousand in 2030, at a CAGR of 3.0% from 2024 to 2030.

China Incidence of Pancreatic Cancer, 2016-2030E

Period	CAGR
2016-2019	3.3%
2019-2024E	3.2%
2024E-2030E	3.0%



Source: NCCR, Frost & Sullivan Analysis

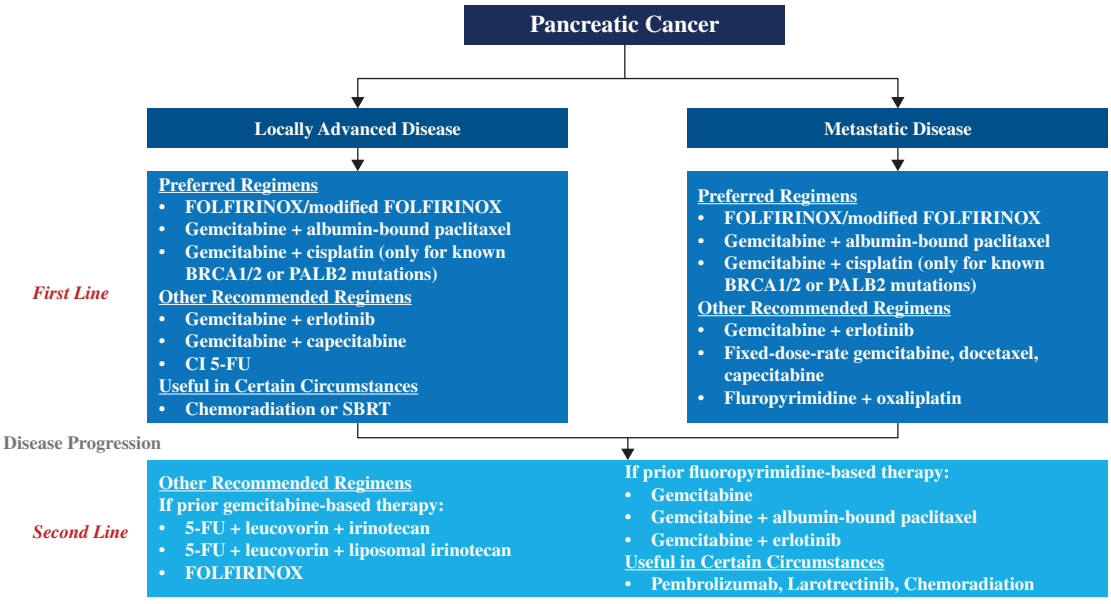
The incidence of pancreatic cancer in the U.S. increased from 53.0 thousand in 2016 to 56.8 thousand in 2019, representing a CAGR of 2.3%. It is expected that the incidence will grow to 63.6 thousand in 2024 and 71.9 thousand in 2030, at a CAGR of 2.3% and 1.8%, respectively, from 2019 to 2024 and from 2024 to 2030, respectively. The incidence of pancreatic cancer in the five European countries remains relatively stable and increased from 24.7 thousand in 2016 to 25.0 thousand in 2019, representing a CAGR of 0.3%. It is expected that the incidence will grow to 25.3 thousand in 2024 and 25.5 thousand in 2030, at a CAGR of 0.3% and 0.1%, respectively, from 2019 to 2024 and from 2024 to 2030, respectively.

The percentages of pancreatic cancer patients who fail one prior line of systemic therapy are 50%-55%, 48%-53% and 40%-60% in China, the U.S. and around the world, respectively. The percentages were calculated based on the number of pancreatic cancer patients who failed prior line treatment in reference to the total number of diagnosed pancreatic cancer patients.

Treatment Paradigm, Limitations and Unmet Medical Needs

The treatment of pancreatic cancer mainly includes surgical treatment, radiotherapy, chemotherapy and interventional therapy. However, only around 10% to 15% of the patients are eligible for tumor resection, and approximately 28% of the patients have chemotherapy as part of their primary cancer treatment. The options of targeted therapies are limited, and most of which have not demonstrated expected efficacy. Several targeted therapies besides erlotinib have been assessed in combination with gemcitabine, but none has shown significantly improved outcome. The following diagram sets forth the current treatment paradigm of pancreatic cancer. The SOC for first-line pancreatic cancer

treatment is systemic chemotherapy, which exhibits a limited efficacy with an ORR of 19-33% and an OS in the range of 6-11 months. There is no SOC for second-line pancreatic cancer treatment, and the available second-line treatment options typically have poor ORR of single digit and bring a marginal survival benefit, highlighting the need for an effective treatment option for patients who have failed the first line treatment. In addition, only approximately 1-2% of pancreatic cancer patients are eligible for the anti-PD-1/PD-L1 treatment, partly attributable to the abundance of fibrous connective tissues in pancreatic cancer tissues which function as a barrier to shield tumor cells from the reach of anti-PD-1/PD-L1 antibodies. As of the Latest Practicable Date, there had not been any anti-PD-1/PD-L1 therapy approved in the world for the treatment of pancreatic cancer.



Source: NCCN, Frost & Sullivan Analysis

In addition, drug resistance significantly limits the efficacy of pancreatic cancer treatment. Most of the patients taking certain first-line drugs, such as gemcitabine, have been found to develop drug resistance. In December 2019, a PARP inhibitor olaparib was approved in the U.S. as a first-line maintenance treatment of germline BRCA-mutated metastatic pancreatic cancer. However, only about 5%-8% of pancreatic cancer patients exhibit BRCA mutation and are eligible for such new treatment with a limited increase in progression-free survival.

The lack of effective systemic treatments for pancreatic cancer leads to poor prognosis. Patients diagnosed with pancreatic cancer have one of the poorest survival prognosis of any cancer. Survival has shown little improvement in the last 40 years. The overall five-year survival rate of pancreatic cancer patients is about 7.2% in China and about 6% (ranges from 2% to 9%) worldwide.

Overview of Claudin18.2 (CLDN18.2)

Claudins are a family of proteins which form the important components of the tight cell junctions. They establish a paracellular barrier which controls the flow of molecules between the cells. Isoform 2 of the tight junction molecule claudin-18, CLDN18.2, is a highly selective cell lineage marker, with its expression in normal tissues strictly confined to differentiated epithelial cells of the gastric mucosa. CLDN18.2 is absent from the gastric stem cell zone. CLDN18.2 is retained in malignant transformation of normal tissues, causing it to be expressed in a significant proportion of primary metastatic gastric cancer cells. Beyond gastric cancer tissues, CLDN18.2 is expressed in other types of solid tumors, such as pancreatic cancer, non-small cell lung cancer, and esophageal cancer. Overall, as determined by immunohistochemistry staining, CLDN18.2 is prevalently expressed in the cancer tissues of 70-80% of gastric cancer patients and approximately 60% of pancreatic cancer patients.

Competitive Landscape

Our pipeline product, CT041, is the only CLDN18.2-targeted CAR-T product candidate globally that is currently being studied in clinical trials with IND approvals. We are developing CT041 for the treatment of CLDN18.2 positive solid tumors such as gastric cancer and pancreatic cancer, and we are conducting Phase I clinical trials in China and the U.S. to assess its safety and efficacy.

Currently there is no clinical trial of TCR-T candidates targeting CLDN18.2 which is initiated or sponsored by industry globally.

Overview of CLDN18.2-Targeted Monoclonal Antibody

CLDN18.2 is involved in tumor development and progression and located in the outer cell membrane. It has exposed extracellular loops and is available for monoclonal antibody binding. These biological characteristics suggested that it is an ideal molecule for targeted therapy and led to the further development of monoclonal antibodies against CLDN18.2.

Competitive Landscape

The following table sets forth the current pipeline of CLDN18.2-targeted monoclonal antibodies under clinical development. We obtained the second IND clearance in the world for an mAb targeting CLDN18.2, according to Frost & Sullivan. As of the Latest Practicable Date, there had not been approved CLDN18.2-targeted monoclonal antibody for marketing. Zolbetuximab developed by Astellas Pharma is the most advanced product candidate and has entered Phase III clinical trial.

Product Name	Indications	Highest Phase of Trial	Company	First Post Date*	Country
AB011	**CLDN18.2 Positive Solid Tumor**	**Phase 1**	**CARsgen Therapeutics**	**May-2020 (Dec-2019)**	**China**
Zolbetuximab (IMAB362)	Locally Advanced/Metastatic Unresectable Gastroesophageal Junction Adenocarcinoma, Locally Advanced/Metastatic Unresectable Gastric Adenocarcinoma	Phase 3	Astellas Pharma	Apr-2018	U.S.
				Apr-2019 (Dec-2018)	China
BNT141	CLDN18.2-positive Solid Tumors	Phase 1/2a	BioNTech	Dec-2020	U.S.
ASKB589	Advanced Solid Tumor	Phase 1/2	Ask-Pharm (奧賽康藥業)	Oct-2020 (Jul-2020)	China
TST001	Solid Tumors	Phase 1	Mabspace Biosciences (邁博斯生物)	May-2020	U.S.
				Aug-2020 (Apr-2020)	China
MIL93	Locally Advanced/Metastatic Solid Tumors	Phase 1	Mabworks Biotech (北京天廣實生物技術)	Dec-2020 (Oct-2020)	China

Source: ClinicalTrials.gov, CDE, Frost & Sullivan Analysis

* First Post Date is the time when the information of a clinical trial is posted for the first time on ClinicalTrials.gov or the Chinese Clinical Trial Register. The NMPA IND clearance date is indicated in brackets.

OVERVIEW OF GPC3-TARGETED CAR-T CELL THERAPY

Therapeutic Areas of Interest

Hepatocellular Carcinoma

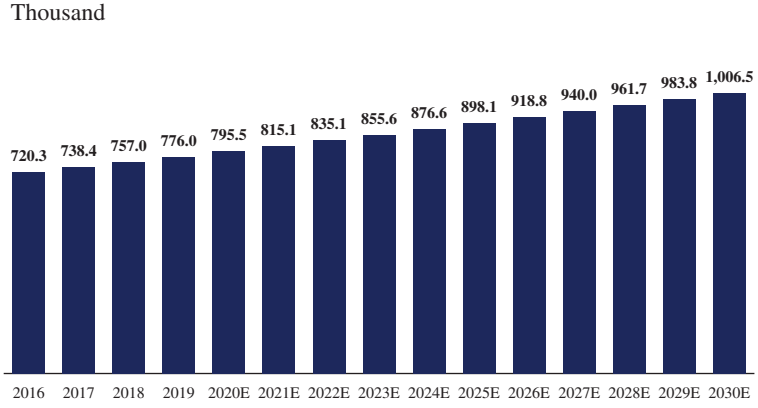
Overview

Liver cancer is the fourth most common cancer and the second leading cause of death from cancer in China in 2019. Hepatocellular carcinoma (HCC) is the most common type of liver cancer and is one of the most lethal cancers, ranked the fourth most common cause of cancer-related deaths worldwide. HCC usually occurs in patients with chronic liver disease. The risk of HCC is higher for patients affected by hepatitis B (HBV) or hepatitis C (HCV).

The incidence of HCC worldwide in 2019 reached 776.0 thousand. It is expected to increase to 876.6 thousand in 2024 at a CAGR of 2.5% from 2019 to 2024. In 2030, the incidence of HCC is expected to further increase to 1.0 million, representing a CAGR of 2.3% from 2024 to 2030.

Incidence of HCC Worldwide, 2016-2030E

Period	CAGR
2016-2019	2.5%
2019-2024E	2.5%
2024E-2030E	2.3%

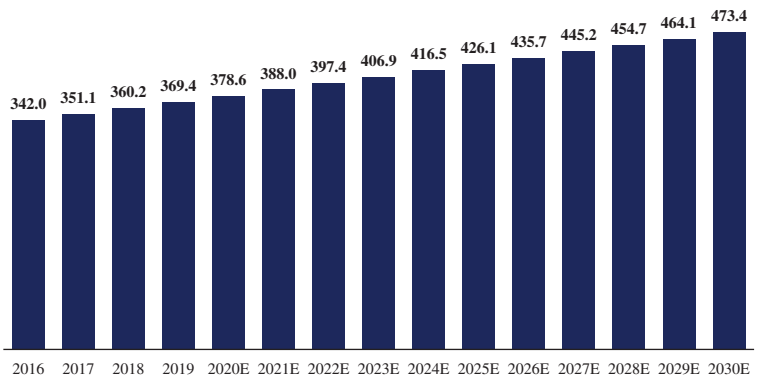


Source: IARC, Frost & Sullivan Analysis

The incidence of HCC in China accounts for approximately half of the global HCC incidences. In China, the incidence of HCC reached 369.4 thousand in 2019. It is expected to increase to 416.5 thousand in 2024 at a CAGR of 2.4%. The incidence of HCC in China is expected to further increase to 473.4 thousand in 2030, representing a CAGR of 2.2% from 2024 to 2030.

Incidence of HCC in China, 2016-2030E

Period	CAGR
2016-2019	2.6%
2019-2024E	2.4%
2024E-2030E	2.2%



Source: NCCR, Frost & Sullivan Analysis

The incidence of HCC in the U.S. increased from 35.3 thousand in 2016 to 37.8 thousand in 2019, representing a CAGR of 2.3%. It is expected that the incidence will grow to 41.0 thousand in 2024 and 44.2 thousand in 2030, at a CAGR of 1.6% and 1.3%, respectively, from 2019 to 2024 and from 2024 to 2030, respectively. The incidence of HCC in the five European countries increased from 31.1 thousand in 2016 to 33.6 thousand in 2019, representing a CAGR of 2.6%. It is expected that the incidence will grow to 37.8 thousand in 2024 and 43.0 thousand in 2030, at a CAGR of 2.4% and 2.2%, respectively, from 2019 to 2024 and from 2024 to 2030, respectively.

Treatment Paradigm, Limitations and Unmet Medical Needs of HCC

As the understanding of liver cancer pathogenesis evolves, the treatment landscape of HCC has advanced significantly, progressing from traditional chemotherapy to multi-kinase inhibitors and checkpoint inhibitors, then in recent years, to the combination therapy of TKIs and anti-PD1/PD-L1 mAbs. However, the overall treatment options for

HCC patients are limited, especially as patients reach later stages of progression. There are few choices of second-line and subsequent treatments for patients with stage IIIa or stage IIIb HCC, and only supportive care is available for patients at stage IV. The following table compares different treatment options of HCC in China and U.S. market.

HCC Treatment Options in China

Surgery	Liver resection	
	Liver transplantation	
Locoregional Therapies	Ablation	RFA, MWA
		CRA, PEI
		HIFU (High intensity focused ultrasound), LSA (Laser)
	Arterially Directed Therapies	TACE **(Utilization Rate: 50%-60%)**
		Hepatic arterial infusion chemotherapy (HAIC)
	Radiation Therapy	Stereotactic body radiation therapy (SBRT)
	Radioimmunotherapy (RAIT)	
Systemic Therapy	Systemic chemotherapy	FOLFOX 4, **XELOX**
	Molecular targeted drug	1L: Sorafenib, Lenvatinib 2L: Regorafenib, Cabozantinib*
	Immunotherapy	2L: Ramucirumab*, PD-1
	mAb	1L: Atezolizumab
	Traditional Chinese Medicine	

HCC Treatment Options in U.S.

Surgery	Liver resection	
	Liver transplantation	
Locoregional Therapies	Ablation	Chemical ablation (PEI or acetic acid injection)
		Thermal ablation (RFA or microwave ablation)
		Cryoablation
	Arterially Directed Therapies	**Transarterial bland embolization (TAE)**
		TACE **(Utilization Rate: ~12.5%)**
		DEB-TACE
		TARE with yttrium-90 microspheres
	Radiation Therapy	**External beam radiation therapy (EBRT)**
		Stereotactic body radiation therapy (SBRT)
	Combinations of Locoregional Therapies	
Systemic Therapy	Systemic chemotherapy	FOLFOX4
	Molecular targeted drug	1L: Sorafenib, Lenvatinib 2L: Regorafenib, Cabozantinib
	Immunotherapy	2L: Nivolumab, Ramucirumab*, Pembrolizumab, **Bevacizumab, Metuximab***

1. Differences between China and the U.S. market in bold

2. *Drugs not yet approved in China

Source: CSCO 2020, NCCN, Frost & Sullivan Analysis

There are currently huge unmet medical needs for the treatment of HCC that require the development of new therapeutic solutions. The overall survival of HCC patients is relatively low, primarily due to HCC's fast progression. More than half of the patients are diagnosed as having advanced disease, when symptoms first appear. For patients with unresectable or advanced HCC, only approximately 13% survive for five years after diagnosis. For patients who have received liver resection, the five-year recurrence and metastasis rate after the resection is 40% to 70%. Some of the patients who undergo surgery at early stages still need to undergo systemic therapies as adjuvant or when their diseases progress. Treatment options for patients with advanced HCC who are unable to undergo surgery are limited. While TKIs therapy has shown survival benefits in HCC patients, it is subject to several limitations. For example, there is no known treatment period after which the TKIs therapy can be discontinued. Studies have shown that once certain TKIs medication is stopped, the disease progresses again. The potentially required continuous use of TKIs therapy may impose a significant financial burden on patients and the healthcare system. The first approved combination therapy of PD-1/PD-L1 inhibitors and TKIs in the first line setting can achieve an ORR of 28% and a median PFS of 6.8 months. Currently, there are no treatment options available for metastatic or local advanced HCC patients who have failed PD-1/PD-L1 inhibitors and TKIs. Overall, despite the advancement in HCC treatments, the overall five-year survival rate of HCC

patients is 12.1% in China and 18.1% in the U.S., and the median PFS is less than 10 months for all major treatment options in China and about 7.3 months in the U.S. The median OS of HCC patients is only approximately one year.

Overview of GPC3

Glypican-3(GPC3) is a member of the glypican family of heparan sulfate proteoglycans that are attached to the cell surface. GPC3 plays an important role in cellular growth, differentiation and migration, which is preferentially expressed in HCC but rarely expressed in normal tissues. GPC3 is expressed in the cancer tissues of approximately 70-80% of HCC patients in China and globally.

Competitive Landscape

There are two GPC3-targeted CAR-T product candidates currently under IND clinical development, CT011 developed by us and TAK-102 developed by Takeda. CT011 received IND clearance from the NMPA, which is China's first IND clearance for CAR-T cell therapy against solid tumors. Both of the GPC3-targeted CAR-T product candidates are currently in Phase I clinical trial for the treatment of GPC3 positive solid tumors, such as HCC.

Drug Name	Indications	Highest Phase of Trial	Company	First Post Date*	Country
CT011	**Solid Tumors**	**Phase 1**	**CARsgen Therapeutics**	**Mar-2019 (Jan-2019)**	**China**
TAK-102	Solid Tumors	Phase 1	Takeda	May-2020	Japan

Source: ClinicalTrials, CDE, Frost & Sullivan Analysis

* First Post Date is the time when the information of a clinical trial is posted for the first time on ClinicalTrials.gov or the Chinese Clinical Trial Register. The NMPA IND clearance date is indicated in brackets.

Currently there is no clinical trial of TCR-T candidates targeting GPC3 which is initiated or sponsored by industry globally.

OVERVIEW OF CD19-TARGETED CAR-T CELL THERAPY

Therapeutic Areas of Interest

B Cell Non-Hodgkin Lymphoma

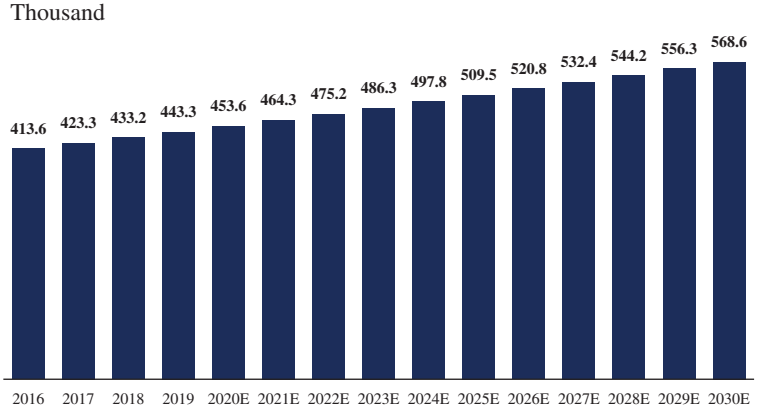
Overview

Lymphomas are hematologic cancers involving lymphoceles of the immune system. The two main categories of lymphomas are Hodgkin's lymphomas (HL) and the non-Hodgkin lymphomas (NHL). NHL accounts for around 90% of lymphoma with varieties of subtypes. NHL can be further categorized by the characteristic of the lymphoma cells, with B cell NHL, or B-NHL, accounting for approximately 85% of all NHL incidence. Diffuse large B cell lymphoma (DLBCL) is among the most common subtypes of B-NHL, accounting for up to 68% of the B-NHL incidence, and is a fast-growing, aggressive form of B-NHL. In DLBCL, the abnormal B cells are larger than normal, and they stop responding to signals that usually limit the growth and reproduction of cells.

The incidence of B-NHL worldwide in 2016 was 413.6 thousand and reached 443.3 thousand in 2019, representing a CAGR of 2.3% from 2016 to 2019. This figure is expected to increase to 497.8 thousand in 2024, with a CAGR of 2.3% from 2019 to 2024. In 2030, the incidence of B-NHL is expected to further increase to 568.6 thousand, with a CAGR of 2.2% from 2024 to 2030.

Incidence of B Cell NHL Worldwide, 2016-2030E

Period	CAGR
2016-2019	2.3%
2019-2024E	2.3%
2024E-2030E	2.2%

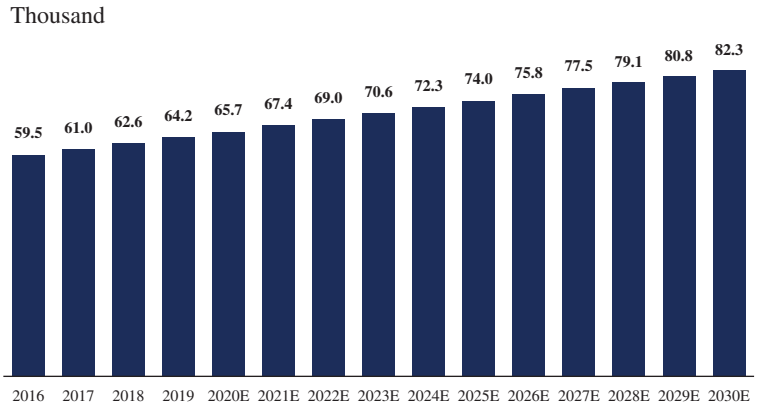


Source: IARC, Frost & Sullivan Analysis

In China, the incidence of B-NHL was 59.5 thousand in 2016 and reached 64.2 thousand in 2019, representing a CAGR of 2.4% from 2016 to 2019. The incidence of DLBCL is expected to increase to 72.3 thousand in 2024, representing a CAGR of 2.4% from 2019 to 2024. In 2030, the incidence of B-NHL is expected to further increase to 82.3 thousand, with a CAGR of 2.2% from 2024 to 2030. The following diagram displays the historical and forecasted incidence of B-NHL in China from 2016 to 2030.

Incidence of B Cell NHL in China, 2016-2030E

Period	CAGR
2016-2019	2.6%
2019-2024E	2.4%
2024E-2030E	2.2%



Source: NCCR, Frost & Sullivan Analysis

The incidence of B-NHL in the U.S. increased from 67.8 thousand in 2016 to 69.3 thousand in 2019, representing a CAGR of 0.7%. It is expected that the incidence will grow to 76.4 thousand in 2024 and 85.1 thousand in 2030, at a CAGR of 2.0% and 1.8%, respectively, from 2019 to 2024 and from 2024 to 2030, respectively. The incidence of B-NHL in the five European countries remains relatively stable and increased from 58.1 thousand in 2016 to 58.7 thousand in 2019, representing a CAGR of 0.3%. It is expected that the incidence will grow to 59.4 thousand in 2024 and 59.8 thousand in 2030, at a CAGR of 0.3% and 0.1%, respectively, from 2019 to 2024 and from 2024 to 2030, respectively.

Treatment, Limitations and Unmet Medical Needs

According to the Chinese Society of Clinical Oncology (CSCO) guideline, a monoclonal antibody (rituximab) in combination with chemotherapy represents the standard DLBCL treatment regimen for both initial as well as relapse/refractory occurrence. The following table sets forth the treatment paradigm of DLBCL in China.

Therapy Regimen	Drug Categories	Recommended Drugs & Therapies	Features
1st Line	Monoclonal antibody + Chemotherapy	R-CHOP, R-miniCHOP, R-CHOEP, R-DAEPOCH	• Rituximab in combination with traditional chemotherapy is currently the major choice covering all line of DLBCL treatment. • Emergin therapies such as BTK inhibitors ibrutinib is also mentioned with a lower evidence level of recommendation to treat non-GCB subtype of R/R DLBCL patients. However, so far, ibrutinib has not been approved for DLBCL worldwide.
2nd Line	Monoclonal antibody + Chemotherapy	R-DHAP, R-ICE, R-GDP, R-ESHAP R-GD, R-DAEPOCH, R-GemOx, R-MINE	
	Small molecule targeted therapy	Ibrutinib (BTK inhibitor)	
3rd Line	Monoclonal antibody + Chemotherapy	R-DHAP, R-ICE, R-GDP, R-ESHAP, R-DAEPOCH, R-GemOx, R-MINE	
	Small molecule targeted therapy	Ibrutinib (BTK inhibitor)	
	Monoclonal antibody + Small molecule targeted therapy	R2	

Abbreviations

R-CHOP (rituximab, cyclophosphamide, doxorubicin, vincristine, prednisone);
R-CHOEP (rituximab, cyclophosphamide, doxorubicin, vincristine, etoposide, prednisone);
R-DAEPOCH (rituximab, etoposide, prednisone, vincristine, cyclophosphamide, doxorubicin);
R-miniCHOP (rituximab, lower dosage of CHOP);
R-DHAP (rituximab, dexamethasone, cisplatin, cytarabine);
R-ESHAP (rituximab, etoposide, methlyprednisolone, cytarabine, cisplatin);

Source: CSCO, Frost & Sullivan Analysis

According to the National Comprehensive Cancer Network (NCCN) guideline, rituximab in combination with chemotherapy represents the standard DLBCL treatment regimen for both initial as well as relapse/refractory occurrence. Compared with the CSCO guideline, there are more options for the second line treatment of DLBCL, such as CD19-targeted CAR-T cell therapy, due to more treatment options have been approved by U.S. FDA. The following table sets forth the treatment paradigm of DLBCL in the U.S.

Therapy Regimen	Drug Categories	Recommended Drugs & Therapies	Features
1st Line	Monoclonal antibody + Chemotherapy	R-CHOP, Dose-adjusted EPOCH +Rituximab, Dose-dense RCHOP 14	• Rituximab in combination with traditional chemotherapy is currently the major choice of DLBCL treatment. • CAR-T-cell therapy is recommended in the 2nd line treatment of DLBCL. • For certain circumstances in 2nd line treatment, emerging therapies such as BTK inhibitors ibrutinib and antibody-drug conjugate polatuzumab vedotin are also considered for R/R DLBCL patients.
2nd Line	Monoclonal antibody + Chemotherapy	DHAP, DHAX, GDP, ICE +/- Rituximab	
	Antibody-drug Conjugate	Polatuzumab vedotin +/- bendamustine +/- Rituximab	
	Small molecule targeted therapy	Ibrutinib (BTK inhibitor)	
	Anti-CD19 CAR-T-cell Therapy	Axicabtagene ciloleucel, Tisagenlecleucel	
3rd Line	Small molecule targeted therapy	Selinexor	

Source: NCCN, Frost & Sullivan Analysis

Most of the treatment paradigms listed above have limited efficacy but may lead to severe adverse effects or exert heavy burden on the patients. For example, due to the off-target toxicity associated with the currently widely-used small-molecule targeted drugs and chemotherapy, a variety of adverse effects, such as vomiting, nausea, or hair loss may occur and impair the patients' quality of life. In addition, the treatment period will be extended when the initial treatment fails to achieve satisfactory therapeutic efficacy and a switch of treatment is needed. Furthermore, under most circumstances, hematologic malignancies, including B cell NHL, are incurable and patients will ultimately develop drug resistance and therefore lead to disease relapse.

Overview of CD19

CD19 is an integral membrane glycoprotein expressed on lymphocytes of the B lineage. It is one of the important membrane antigens involved in the activation and proliferation of B cells. It is expressed on B cells of all stages except in plasma cells. CD19 is involved in modulating both B cell receptor-dependent (BCR-dependent) and independent signaling, and thus critical for the body to mount an optimal immune response. The majority of B cell malignancies, such as NHL, express CD19 at normal to high levels in all of a patient's cancer cells.

Competitive Landscape of Global CD19-Targeted CAR-T Market

Currently, four of the five FDA approved CAR-T cell therapies, namely Breyanzi, Tecartus, Yescarta and Kymriah, target CD-19. In China, there is no CAR-T cell therapy currently approved by the NMPA. Two CD19-targeted CAR-T product candidates, FKC876 and JWCAR029, have submitted the NDA applications. The tables below set forth additional information on CD19-targeted CAR-T candidates that are under Phase I or later clinical trials.

Clinical trials in China

No.	Candidates	Company	Highest Phase	Indications
1	JWCAR029	JW Therapeutics (藥明巨諾)	NDA	R/R LBCL
2	FKC876	Fosun Kite (復星凱特)	NDA	R/R LBCL
3	Kymriah	Novartis	Phase 3	B-cell Precursor ALL, R/R LBCL
4	CNCT19	Juventas Cell Therapy (合源生物科技)	Phase 2	Relapsed/Refractory Acute Lymphoblastic Leukemia
				Relapsed/Refractory NHL
5	IM19CAR-T	Immunochina (藝妙神州)	Phase 1/2	CD19 Positive NHL
6	CT032	CARsgen	Phase 1	Relapsed/Refractory B cell Lymphoma
7	HDCD19 CAR-T	Huadaocart (華道生物)	Phase 1	Relapsed/Refractory Acute Lymphoblastic Leukemia
				Relapsed/Refractory B cell NHL
8	pCAR-19B	Precision Biotech (精準生物)	Phase 1	CD19 Positive Relapsed/Refractory Acute Lymphoblastic Leukemia
9	BZ019	Shanghai Cell Therapy Group (上海細胞治療集團)	Phase 1	Relapsed/Refractory Large B cell Lymphoma
10	MBC19	Yinhe Biomed (成都銀河生物醫藥)	Phase 1	Relapsed/Refractory B cell Lymphoma
11	HRAIN-001	Hrain Biotechnology (上海恒潤達生生物科技)	Phase 1	CD19 Positive Relapsed/Refractory Acute Lymphoblastic Leukemia
				CD19 Positive Relapsed/Refractory Large B cell Lymphoma

Source: CDE, Frost & Sullivan Analysis

Clinical trials in Other Countries

No.	Candidates	Company	Highest Phase	Indications	Country
1	ALLO-501A	Allogene Therapeutics	Phase 1/2	R/R LBCL	U.S.
2	ALLO-501		Phase 1	R/R LBCL, R/R FL	U.S.
3	AUTO1	Autolus	Phase 1/2	R/R B Cell ALL	U.S.
4	MB-CART19.1	Miltenyi Biomedicine	Phase 1/2	ALL Recurrent, R/R B-cell Lymphoma, R/R CLL	U.S.
5	PBCAR0191	Precision BioSciences	Phase 1/2	NHL, B-cell ALL	U.S.
6	PBCAR19B		Phase 1	CD19 Expressing Malignancies, Hematologic Malignancy	U.S.
7	TBI-1501	Takara Bio / Otsuka Pharmaceutical	Phase 1/2	R/R ALL	U.S.
8	ALLO-501	Allogene Therapeutics	Phase 1	R/R LBCL, R/R FL	U.S.
9	CD19-CAR-T Cells	Sabz Biomedicals	Phase 1	B-cell ALL	U.S.
10	CB-010	Caribou Biosciences	Phase 1	R/R B Cell NHL	U.S.
11	Welgenaleucel (UWC19)	UWELL Biopharma	Phase 1	R/R B-cell NHL	U.S.
12	CC-97540	Juno Therapeutics	Phase 1	R/R B-cell NHL	U.S.
13	YTB323	Novartis	Phase 1	CLL, Small Lymphocytic Lymphoma, DLBCL, ALL	U.S.
14	UCART19	Institut de Recherches Internationales Servier	Phase 1	B-cell ALL	U.S.

Source: ClinicalTrials, Frost & Sullivan Analysis

Currently there is no clinical trial of TCR-T candidates targeting CD19 which is initiated or sponsored by industry in China. There is one TCR-T product candidate, TC-110T developed by TCR2 Therapeutics, currently being assessed in a Phase I/II clinical trial in the United States for the treatment of R/R NHL.

TIL

TILs are naturally occurring tumor-infiltrating lymphocytes and do not target specific tumor-associated targets. Currently there is no clinical trial of TIL which is initiated or sponsored by industry in China. The table below sets forth information on TIL candidates that are under clinical development initiated or sponsored by industry in other countries.

No.	Candidates	Company	Highest Phase	Indications	Country
1	Lifileucel (LN-144)	Iovance Biotherapeutics	Phase 2	Metastatic Melanoma, HNSCC, NSCLC	U.S., EU
2	LN-145	Iovance Biotherapeutics	Phase 2	mNSCLC, HNSCC, Cervical Carcinoma	U.S.
3	Tumor-Infiltrating Lymphocytes (TIL)	Intima Bioscience	Phase 1/2	Gastrointestinal Cancer, CRC, Pancreatic Cancer, Esophageal Cancer	U.S.

Source: ClinicalTrials, Frost & Sullivan Analysis

REPORT COMMISSIONED BY FROST AND SULLIVAN

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on the worldwide and China cellular immunotherapy markets. Frost & Sullivan is an independent global market research and consulting company 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 such information facilitates an understanding of the cellular immunotherapy market for potential investors. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

We have agreed to pay Frost & Sullivan a fee of US$99,728 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful listing or on the content of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the Global Offering. We confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

LAWS AND REGULATIONS RELATING TO DRUGS

The National People's Congress, or the NPC and the National Medical Products Administration, or the NMPA has been revising the fundamental laws, regulations and rules regulating pharmaceutical products and the industry, which include the framework law known as the *PRC Drug Administration Law* (《中華人民共和國藥品管理法》), or DAL. The DAL was promulgated by the Standing Committee of the NPC on September 20, 1984, and amended/revised on February 28, 2001, December 28, 2013, April 24, 2015, August 26, 2019, and the latest amendment took effect as of December 1, 2019. The DAL is implemented by a high-level regulation issued by the State Council referred to as the *DAL Implementing Regulation* (《中華人民共和國藥品管理法實施條例》). The NMPA has its own set of regulations further implementing the DAL; the primary one governing clinical trial applications, or CTAs, marketing approval, and post-approval amendment and renewal is known as the Drug Registration Regulation (《藥品註冊管理辦法》), or DRR. The DRR was promulgated by the State Drug Administration on October 30, 2002 and the latest amended DRR, by the State Administration for Market Regulation, or SAMR, took effect from July 1, 2020.

Regulatory Authorities and Recent Government Reorganization

In the PRC, the primary regulatory agency for pharmaceutical products and businesses was the China Food and Drug Administration, or CFDA. Upon the government reorganization in March 2018, the competent authority of this industry has been changed to re-established National Health Commission, or NHC, the SAMR, National Healthcare Security Administration, or NHSA, and NMPA, etc. The NMPA is the primary regulatory agency for pharmaceutical products and businesses, like CFDA, and implements the same laws, regulations, rules, and guidelines as the CFDA, and it regulates almost all the key stages of the life-cycle of pharmaceutical products, including nonclinical studies, clinical trials, marketing approvals, manufacturing, advertising and promotion, distribution, and pharmacovigilance (i.e., post-marketing safety reporting obligations). The Center for Drug Evaluation, or CDE, which remains under the NMPA, conducts the technical evaluation of each drug and biologic application to assess safety and efficacy.

The NHC (formerly known by the names: the Ministry of Health and National Health and Family Planning Commission), is China's primary healthcare regulatory agency. It is responsible for overseeing the operation of medical institutions, some of which also serve as clinical trial sites. NHC plays a significant role in drug reimbursement.

The Ministry of Human Resources and Social Security, or MHRSS is China's primary regulatory agency for medical insurance. It draws up the policies, plans and standards of medical insurance and maternity insurance; organizes to draw up the management and settlement methods of medical insurance service and maternity insurance service of designated medical organizations and pharmacies, as well as the scope of payment; and prepares the *National Drug Catalogue for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance* (《國家基本醫療保險、工傷保險和生育保險藥品目錄》).

Regulations on Drug Research and Development

In the PRC, cell therapy could be regulated by the NHC as a medical technology or by the NMPA as a drug. The Ministry of Health (currently the NHC) published the *Management Measures for Clinical Application of Medical Technology* (《醫療技術臨床應用管理辦法》) in 2009, thus establishing an administration regime on clinical application of medical technologies and classifying cell immunotherapy technology as a Category III medical technology for clinical application.

The National Health and Family Planning Commission, or NHFP cancelled the approval of the Category III medical technology clinical application in 2015 and as a result of Wei Zexi incident in 2016, NHFP emphasised that the cell immunotherapy (including T cell therapy) technology shall be regulated as clinical study, instead of medical technology application. If the *Draft Somatic Cell Therapy Clinical Research and the Transformation Application Management Measures (Trial)* (《體細胞治療臨床研究和轉化應用管理辦法(試行)(徵求意見稿)》) are officially issued as is, the cell immunotherapy application could be conducted under such measures.

Regulated as medicines by the NMPA, cell therapy and its products belong to biological products and the application for biological products shall be submitted as new drug application. After the He Jiankui Incident in 2018, the *Administrative Regulations of the People's Republic of China on Human Genetic Resources* (《中華人民共和國人類遺傳資源管理條例》), or HGR Regulation, was issued in 2019, targeting the illegal obtaining and usage of human genetic resources for biotechnology research and development.

State Scientific and Technological Commission first issued the *Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory Studies of Drugs (Trial)* (《藥品非臨床研究質量管理規定(試行)》) on December 11, 1993. SFDA issued the *Circular on Promoting the Implementation of the Good Laboratory Practice of Non-Clinical Studies of Drugs* (關於推進實施《藥物非臨床研究質量管理規範》的通知) on November 20, 2006, starting to require that non-clinical safety evaluation studies of new drugs as of January 1, 2007 must be conducted in GLP-certified laboratories, and the good laboratory practice became a mandatory regulation. The current GLP version is the one issued by the SFDA on August 6, 2003 with its latest revision on July 27, 2017.

Administrative Regulations of Quality of Drug Clinical Trial Practice (Trial) (《藥品臨床試驗管理規範》(試行)) issued by the Ministry of Health in 1998 is the first GCP-related regulation in the PRC, with its current version being the PRC's GCP issued by SFDA on August 6, 2003 and latest amendment on April 23, 2020. The *Implementation Guidelines on Good Manufacturing Practice for Drugs* (《藥品生產管理規範實施指南》) adopted by China National Pharmaceutical Industry Corporation in 1985 is the rudiment of GMP in the PRC. The current version is the *Good Manufacturing Practice for Drugs* (《藥品生產質量管理規範》) published by the Ministry of Health on December 28, 1992, and the latest version was issued on January 17, 2011.

Non-Clinical Studies and Animal Testing

The NMPA requires preclinical data to support registration applications for imported and domestic drugs. According to the DRR, non-clinical safety studies shall comply with the *Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory Studies of Drugs* (《藥物非臨床研究質量管理規範》), or the GLP. On August 6, 2003, the State Food and Drug Administration, or SFDA promulgated the GLP, which was latest 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* (《關於印發藥物非臨床研究質量管理規範認證管理辦法的通知》) issued by the SFDA on April 16, 2007, the NMPA is responsible for the certification of non-clinical research institutions nationwide and local provincial medical products administrative authorities is in charge of the daily supervision of non-clinical research institution. The NMPA decides whether an institution is qualified for undertaking pharmaceutical non-clinical research by evaluating such institution's organizational administration, its research personnel, its equipment and facilities, and its operation and management of non-clinical pharmaceutical projects, etc. A GLP Certification will be issued by the NMPA if all the relevant requirements are satisfied, which will also be published on the NMPA's website. Any entity without such certification must engage a qualified third party to conduct such non-clinical activities regulated under relevant laws and regulations.

Pursuant to the *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 and latest amended on March 1, 2017, by the State Council, the *Administrative Measures on Good Practice of Experimental Animals* (《實驗動物質量管理辦法》) jointly 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 Ministry of Science and Technology and other regulatory authorities on December 5, 2001, using and breeding experimental animals shall be subject to rules and performing experimentation on animals requires a Certificate for Use of Laboratory Animals. Any entity without such certification must engage a qualified third party to conduct such non-clinical activities regulated under relevant laws and regulations.

Clinical Trials Approval

Upon completion of preclinical studies, a sponsor typically needs to conduct clinical trials in the PRC prior to registering a new drug. The NMPA has taken a number of steps to increase efficiency for approving CTAs, and it has also significantly increased monitoring and enforcement of the *Administrative Regulations of Quality of Drug Clinical Practice* (《藥物臨床試驗質量管理規範》), or the PRC's Good Clinical Practices, or the PRC's GCP, to ensure data integrity. The PRC's GCP was promulgated by SFDA on August 6, 2003 and the latest amended PRC's GCP took effect from July 1, 2020.

Clinical trials could not proceed until being approved by the NMPA previously; according to the latest amended DRR, the NMPA now has adopted a system for clinical trials of new drugs where trials can proceed if the applicant has not received any objections from the CDE within 60 days thereafter. After the issuance of the *Announcement of the China Food and Drug Administration 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》) on November 11, 2015, as for clinical trial applications for new drugs, the one-time approval is implemented and the declaration, appraisal and approval at different levels are replaced. The one-time approval mechanism was restated in the *Announcement of the National Medical Products Administration on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs* (《國家藥品監督管理局關於調整藥物臨床試驗審評審批程序的公告》), or the Announcement on Adjusting Evaluation and Approval Procedures, which was issued on July 24, 2018 by NMPA. When the clinical trial has been approved and such clinical trial is divided into several phases, prior to conducting subsequent phases, the applicant of such clinical trial shall submit the corresponding drug clinical trial scheme and supporting materials for NMPA's review and consult with the NMPA before initiation of the subsequent phase clinical trial. Once the NMPA reviews the relevant materials and has no objection to the clinical trial protocol for the subsequent phase clinical trial, which is amended as appropriate based on the clinical trial data and consultation with the NMPA, the applicant is permitted to proceed with the subsequent phase clinical trial. If expanded indications are involved, or the security risks to which subjects are exposed are increased as a result of the alteration to the clinical trials protocols, drastic pharmaceutical changes, or significant security findings for non-clinical research, new applications or supplementary applications of clinical trials might be required, pursuant to the Announcement on Adjusting Evaluation and Approval Procedures.

Human Genetic Resources Approval

According to the *Interim Measures for the Administration of Human Genetic Resources* (《人類遺傳資源管理暫行辦法》), promulgated by the Ministry of Science and Technology and the MOH jointly on June 10, 1998, an additional approval is required for any foreign companies or foreign affiliates that conduct trials in China. Prior to a clinical trial, the foreign applicant and the Chinese clinical trial site are required to obtain approval from the Human Genetic Resources Administration of China, or HGRAC, which is an agency under the Ministry of Science and Technology, to collect any biological samples that contain the genetic material of Chinese human subjects, and to conduct any cross-border transfer of the samples or associated data. Furthermore, one of the key review points for the HGRAC review and approval process is the intellectual property sharing arrangement between Chinese and foreign parties. The parties are required to share patent rights to inventions arising from the human genetic resources. Conducting a clinical trial in the PRC without obtaining the relevant HGRAC approval will subject the sponsor and trial sites to administrative liability, including confiscation of human genetic resources and associated data, and administrative fines.

On July 2, 2015, the Ministry of Science and Technology issued the *Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading, Exporting Human Genetic Resources, or Taking Such Resources out of the PRC* (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》), which provides that foreign-invested sponsors that sample and collect human genetic resources in clinical trials shall be required to file with the HGRAC through its online system. On October 26, 2017, the Ministry of Science and Technology issued the *Circular on Optimizing the Administrative Examination and Approval of Human Genetic Resources* (《關於優化人類遺傳資源行政審批流程的通知》), which simplified the approval for sampling and collecting human genetic resources for the purpose of commercializing a drug in the PRC. On October 19, 2020, HGRAC issued the *Circular on Further Optimizing the Administrative Examination and Approval of Human Genetic Resources* (《關於進一步優化人類遺傳資源行政審批流程的通知》) to further simplify and streamline the approval procedure for sampling and collecting human genetic resources and the international cooperation in scientific research. On May 28, 2019, the State Council of PRC issued the *Administration Regulations on Human Genetic Resources* (《人類遺傳資源管理條例》), which became effective on July 1, 2019. The Administration Regulations on Human Genetic Resources formalized the approval requirements pertinent to research collaborations between Chinese and foreign-owned entities. Pursuant to the new rule, a new filing system (as opposed to the advance approval approach originally in place) is put in place for clinical trials using China's human genetic resources at clinical institutions without involving the export of human genetic resources outside of China.

On October 17, 2020, Standing Committee of the NPC promulgated *Biosecurity Law of the PRC* (《中華人民共和國生物安全法》), taking effect from April 15, 2021. This Biosecurity Law establishes a comprehensive legislative framework for the pre-existing regulations in such areas as epidemic control of infectious diseases for humans, animals and plants; research, development, and application of biology technology; biosecurity management of pathogenic microbials laboratories; security management of human genetic resources and biological resources; countermeasures for microbial resistance; and prevention of bioterrorism and defending threats of biological weapons. As per this Biosecurity Law, the research and development activities of high-risk and medium-risk biotechnology shall be carried out by a legal person organization established within the territory of China, upon obtaining the approval or record-filing; the establishment of a pathogenic microorganism laboratory shall be subject to approval or record-filing requirements in accordance with the law; (i) collecting human genetic resources of important genetic families or specific areas in China, or collecting human genetic resources of which the types and quantities are subject to provisions of the competent department of science and technology under the State Council, (ii) preserving China's human genetic resources, (iii) using China's human genetic resources to carry out international scientific research cooperation, or (iv) transporting, mailing, and carrying China's human genetic resource materials out of the country shall subject to approval of the competent department of science and technology.

Drug Clinical Trial Registration

Pursuant to the DRR, where a clinical trial is approved, the sponsor shall, prior to conducting subsequent phases of the clinical trial, formulate the clinical trial protocol, carry out the trial upon obtaining approval by the ethics committee, and submit the clinical trial protocol and supporting materials on the CDE website. On September 6, 2013, the CFDA released the *Announcement on Drug Clinical Trial Information Platform* (《關於藥物臨床試驗信息平台的公告》), providing that all clinical trials approved by the CFDA and conducted in China shall be registered on and trial information shall be published through the Drug Clinical Trial Information Platform under management of the CDE. The applicant shall complete trial preregistration within one month after obtaining the clinical trial approval to obtain the trial's unique registration number and shall complete registration of certain follow-up information before the first subject's enrollment in the trial and submit it for publicity. If submission for publicity of the foregoing pre-registration and registration is not completed within one year after obtaining the clinical trial approval, the applicant shall submit an explanation, and if the procedure is not completed within three years, the clinical trial approval shall automatically be annulled.

Investigator Initiated Trials

Under the PRC laws, compared to industry-sponsored trials, or the ISTs, investigator-initiated trials, or the IITs, are generally referred to clinical trials initiated by investigators not for new-drug marketing purpose. IITs are mainly regulated under *the Administrative Measures for Clinical Trials Conducted by Medical and Health Institutions* (《醫療衛生機構開展臨床研究項目管理辦法》), or the Administrative Measures, issued by the National Health and Family Planning Commission, CFDA and the State Administration of Traditional Chinese Medicine on October 16, 2014, as of the Latest Practicable Date. The Administrative Measures mostly sets forth management requirements for medical and health institutions.

To improve the administration of IITs, the NHC issued the *Draft Administrative Measures for Investigator Initiated Clinical Trials by Medical and Health Institutions* (《醫療衛生機構開展研究者發起的臨床研究管理辦法(徵求意見稿)》) on December 31, 2020, or the Draft Administration Measures, which stipulates, among others, relevant requirements for the IITs, such as specific requirements in terms of organization and management, project initiation management, financial management, implementation management, as well as streamlines the supervision on IITs in general. If this Draft Administrative Measures is officially issued and takes effect, it will provide various IITs participants, including investigators, research institutes and pharmaceutical enterprises, with clearer guidance for the application and conduct of IITs, and is expected to be conducive to the long-term sustainable development of IITs and the production of standardized and high-quality clinical research results. As there are no material conflicts between the Draft Administrative Measures and the Administrative Measures, we do not expect the official issuance of the Draft Administrative Measures to have negative impacts on our pipeline products or business operations, in light of our full compliance with existing applicable laws and regulations with respect to IITs. As of the Latest Practicable Date, the Draft Administrative Measures has not been officially issued.

Priority Evaluation and Approval Programs to Encourage Innovation

The SFDA, CFDA or NMPA has adopted several expedited review and approval mechanisms since 2009 and created additional expedited programs in recent years that are intended to encourage innovation. Applications for these expedited programs can be submitted together with the registration package or after the registration submission is admitted for review by the CDE. The *Opinions on Encouraging the Prioritized Evaluation and Approval for Drug Innovation* (《關於鼓勵藥品創新實行優先審評審批的意見》) promulgated by the CFDA on December 21, 2017 clarified that fast track CTAs or drug registration pathways will be available to the innovative drugs.

If admitted to one of these expedited programs, an applicant will be entitled to more frequent and timely communication with reviewers at the CDE, expedited review and approval, and more agency resources throughout the review approval process.

NMPA also permits conditional approval of certain medicines based on early phase China clinical trial data or only on foreign approval clinical data. Post-approval the applicant may need to conduct one or more post-market studies. According to the *Opinion on Deepening the Reform of the Evaluation and Approval System to Encourage Innovation in 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》) or the Innovation Opinion promulgated by General Office of the CPC Central Committee and General Office of the State Council on October 8, 2017 for any drugs or medical devices used for the treatment of severe and life-threatening diseases that cannot be treated in an effective manner and those badly needed for public health, if the early and mid-term indicators in clinical trials show their efficacy and their clinical value is predictable, conditional approval for the marketing of these drugs and medical devices can be granted, and enterprises shall develop the risk control plans to conduct researches according to the requirements.

The DRR also stipulates expedited approval procedures, such as, during drug clinical trials, when the drugs are used for treatment of diseases that seriously endanger life and have no effective measure of treatment, and the data of drug clinical trials can prove the efficacy and forecast the clinical value of the drugs, applications for conditional approval may be submitted for drugs falling under expedited approval procedures.

To implement the expedited procedures set forth under the DRR, on July 7, 2020, NMPA issued the *Announcement of the National Medical Products Administration on Promulgating Three Documents Including the Working Procedures for the Evaluation of Breakthrough Therapy Designation Drugs (Trial)* (《國家藥監局關於發佈突破性治療藥物審評工作程序(試行)等三個文件的公告》), which replaced the O*pinion on Encouraging the Prioritized Evaluation and Approval for Drug Innovation*, stating that during clinical trials, innovative drugs or improved new drugs that are used to prevent and treat diseases that are severely life-threatening or severely affecting the quality of life and have no effective prevention and treatment or have sufficient evidence showing they have obvious clinical advantages compared with existing treatment methods, etc., such drugs are eligible to apply for the breakthrough therapy designation drugs procedure during Phase I and II clinical trials, no later than the

commencement of Phase III clinical trials. Application for breakthrough therapy designation drugs submitted to CDE within the aforementioned periods will be reviewed and approved or rejected within 45 business days or any delayed period due to drugs characteristics. Once the application is approved, the concerned drug will be considered as a breakthrough therapy designation drug, or a BTD Drug, if there is no objection raised during a 5-business day publicity period. The CDE will prioritize resources allocation for discussion and consultation of BTD Drugs and emphasize guidance on clinical trials of the BTD Drugs. As for the BTD Drugs, drugs in short supply in urgent clinical need, innovative drugs and modified new drugs for the prevention and treatment of serious infectious diseases, rare diseases and other diseases, drugs meeting the conditions for conditional approval, for example, drugs used for treatment of diseases that seriously endanger life without effective measure of treatment, and the efficacy and forecast of the clinical value thereof being certified by the data of clinical trials of such drugs, and drugs complying with other requirements provided by laws and regulations, the marketing authorization applicant may apply for the procedures for priority review and approval when submitting the application for marketing authorization, in accordance with the DRR. Upon approval on application for priority review and approval by the CDE, the time limit for technical review with respect to applications for marketing authorization on such drug will be 130 business days. In 2018, NMPA and NHC issued the *Announcement on Evaluation and Approval of Overseas New Drug for Clinical Urgent Need* (《關於臨床急需境外新藥審評審批相關事宜的公告》), under which, drugs designated by the CDE that have been approved in the US, European Union, and Japan within the last 10 years and that meet one of three criteria (1) orphan indications, (2) drugs that treat life threatening illnesses for which there are not effective treatment or preventive methods, or (3) drugs that treat life threatening illnesses and that have a clear clinical advantage over other approved therapies will be subject to special procedures for the evaluation.

Acceptance of Foreign Data

The NMPA may reduce requirements for clinical trials and data, depending on the drug and the existing data. The NMPA has granted waivers for all or part of trials and has stated that it will accept data generated abroad (even if not part of a global study), including early phase data, that meets its requirements. On July 6, 2018, the NMPA issued the *Technical Guidance Principles on Accepting Foreign Drug Clinical Trial Data* (《關於發布接受藥品境外臨床試驗數據的技術指導原則的通告》), or the Guidance Principles. According to the Guidance Principles, the data of foreign clinical trials shall meet the authenticity, completeness, accuracy and traceability requirements and such data shall be obtained in consistent with the relevant requirements under the GCP of the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use, or ICH. Sponsors must be attentive to potentially meaningful ethnic differences in the subject population.

Clinical Trial Process and Good Clinical Practices

Typically, drug clinical trials in the PRC have four phases. Phase I refers to the initial clinical pharmacology and human safety evaluation studies. Phase II refers to the preliminary evaluation of a drug candidate's therapeutic efficacy and safety for target indication(s) in patients. Phase III (often the registrational study) refers to clinical trials to further verify the drug candidate's therapeutic efficacy and safety in patients with target indication(s) and ultimately provide sufficient evidence for the review of a drug registration application. Phase IV refers to a new drug's post-marketing study to assess therapeutic effectiveness and adverse reactions when the drug is widely used to evaluate overall benefit-risk relationships of the drug when used among the general population or specific groups and to adjust the administration dose, etc. The NMPA requires that the different phases of clinical trials in China receive ethics committee approval and comply with the PRC's GCP. The NMPA conducts inspections to assess the PRC's GCP compliance and will cancel the CTA if it finds substantial issues.

On August 6, 2003, the SFDA promulgated the PRC's GCP to improve the quality of clinical trials. According to the latest PRC's GCP promulgated by NMPA and NHC, which took effect from July 1, 2020, the sponsor shall provide investigators and the clinical trial institution with legal and economic insurance or guarantee relating to the clinical trial, and ensure that such insurance or guarantee is appropriate to the nature and degree of risks of the clinical trial. But the damages caused by the negligence of investigators or the clinical trial institution are not included. Pursuant to the newly amended DAL, and the *Regulations on the Administration of Drug Clinical Trial Institution* (《藥物臨床試驗機構管理規定》) jointly promulgated by NMPA and NHC on November 29, 2019 and effective from December 1, 2019, drug clinical trial institutions shall be under filing administration. Entities that only conduct analysis of biological samples related to clinical trials of drugs do not need to be filed.

The Center for Medical Device Evaluation under the NMPA, or the CMDE, announced the draft Guidelines on Clinical Trials of Companion Diagnostics Reagents of Marketed Anticancer Drugs (《已上市抗腫瘤藥物的伴隨診斷試劑臨床試驗指導原則(徵求意見稿)》) on August 13, 2020, pursuant to which, companion diagnostics reagents of anticancer drugs are classified into original companion diagnostics reagents and new companion diagnostics reagents. The draft guidelines set forth guidance on clinical trials of companion diagnostics reagents of approved anticancer drugs, which may be a reference for CARsgen Diagnostics development. However, all of our product candidates are in the process of clinical trial, and the draft guidelines on co-development of companion diagnostic reagents and therapeutic products, which are more relevant to us, have not been released.

Regulations on New Drug Application (NDA) and Approval

Upon completion of clinical trials, a sponsor may submit clinical trial data to support marketing approval for the drug.

The *Registration Category of Biological Products and the Data Requirements for Declaration* (《生物製品註冊分類及申報資料要求》), issued by NMPA on June 29, 2020, and took effect from July 1, 2020, which replaced the former category of therapeutic biological products and stipulated that the therapeutic biological products should be classified into 3 Categories, and Category I refers to therapeutic biological products that have not been marketed anywhere in the world. Category II refers to improved therapeutic biological products and Category III refers to therapeutic biological products that have been marketed in China or abroad.

NDA sponsors must submit data derived from domestically manufactured drugs in support of a drug approval. According to the DRR, the applicant may apply for drug marketing registration to CDE upon completion of relevant search on pharmacy, pharmacology, toxicology and drug clinical trials, determination of the quality standards of the drug, validation of commercial-scale production processes and preparation for acceptance of verification and inspection conducted by professional technical institution designated by competent NMPA. The CDE will organize pharmaceutical, medial, and other technicians to conduct comprehensive review of the safety, efficacy, and quality controllability, among others, of the drug according to the application materials submitted by the applicant, the results of the verification and inspection conducted by professional technical institutions, etc. If the comprehensive review conclusion is affirmative, the drug shall be approved for marketing and a drug registration certification will be issued containing the information of the drug approval number, the marketing authorization holder and the manufacturer, which is effectively the marketing approval allowing the holder to market/commercialize the drug in China.

Regulations on Drug Marketing Authorization Holder

Pursuant to the Opinions on the *Reform of Evaluation and Approval System for Drugs and Medical Devices and Equipment* (《關於改革藥品醫療器械審評審批制度的意見》) promulgated on August 9, 2015, the State Council published the policy for carrying out a pilot plan for the drug marketing authorization holder mechanism.

Pursuant to the newly amended DAL the drug marketing authorization holder means an enterprise or a drug research and development institution that has obtained the drug registration certificate, and this pharmaceutical marketing authorization holder shall be responsible for non-clinical laboratory studies, clinical trials, production and distribution, post-market studies, and the monitoring, reporting, and handling of adverse reactions in connection with pharmaceuticals in accordance with the provisions of the DAL.

Pursuant to the DAL, the pharmaceutical marketing authorization holder may engage contract manufacturers for manufacturing, provided that the contract manufacturers are licensed, and may engage pharmaceutical distribution enterprises with drug distribution license for the distribution activities. Upon the approval of the medical products administrative department under the State Council, a drug marketing authorization holder may transfer the

drug marketing license and the transferee shall have the capability of quality management, risk prevention and control, and liability compensation to ensure the safety, effectiveness, and quality controllability of drugs, and fulfill the obligations of the drug marketing license holder.

Pursuant to the DRR, at the time of application for drug marketing authorization, the applicant and the manufacturing enterprise shall have held the corresponding drug manufacturing permits.

Regulations on Drug Manufacturing and Distribution

According to the newly amended DAL and the implementing Measures of the DAL, all facilities that manufacture drugs in PRC shall receive a Drug Manufacturing License with an appropriate "scope of manufacturing" from the local drug regulatory authority. This license shall be renewed every five years.

Similarly, to conduct sales, importation, shipping and storage, or distribution activities, a company must obtain a Drug Distribution License with an appropriate "scope of distribution" from the local drug regulatory authority, subject to renewal every five years.

The GSP and GMP certification for drugs will be cancelled, and the application for GSP and GMP certification for drugs will no longer be accepted, since December 1, 2019, pursuant to the *Announcement of the NMPA on Implementation of the Drug Administration Law* (《國家藥監局關於貫徹實施<中華人民共和國藥品管理法>有關事項的公告》). But the competent regulatory authorities conduct the supervision and regulation through changing from the certification inspection once every five years to the inspection of the implementation of the GMP/GSP from time to time and supervising the compliance of enterprises.

Regulations on Dual Invoicing System

According to the *Notice of Publishing Opinions on Implementing Dual Invoicing System in Drug Procurement Among Public Medical Institutions (For Trial Implementation)* (《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》) ("**Dual Invoicing System Notice**") which was issued on December 26, 2016, the "dual invoicing system" refers to the system that no more than two invoices may be issued throughout the distribution chain, with one from the manufacturer to a distributor and another from the distributor to the end-user hospital. This excludes the sale of products invoiced from the manufacturer to its wholly owned or controlled distributors, or for imported drugs, to their exclusive distributor, or from a distributor to its wholly owned or controlled subsidiary (or between the wholly owned or controlled subsidiaries). According to the *Dual Invoicing System Notice and the Several Opinions of the General Office of the State Council on Further Reforming and Improving the Policies on Drug Production, Circulation and Use* (《國務院辦公廳關於進一步改革完善藥品生產流通使用政策的若干意見》) issued on January 24, 2017, dual invoicing system will be promoted in pilot provinces (autonomous regions and municipalities directly under the Central Government) involved in the comprehensive medical reform program and pilot cities for public hospital reform on a priority basis, while other regions are encouraged to implement such

system, so that such system can be promoted in full swing nationwide in 2018. Compliance with the Dual Invoicing System becomes a prerequisite for pharmaceutical companies to participate in procurement processes with public hospitals, which currently provide most of China's healthcare.

Regulations on Centralized Procurement

In order to deepen the reform of the medical and healthcare system and improve the mechanism for setting drug prices, the State carried out to organize drug centralized procurement.

First, the State launched the trials for the centralized volume-based drug procurement in 11 cities in November 2018. On November 15, 2018, the Joint Procurement Office published the *Papers on Drug Centralized Procurement in "4+7 Cities"* (《4+7城市藥品集中採購文件》), which launched the national pilot scheme for centralized volume-based drug procurement in the public medical institutions. The pilot scheme will be carried out in 11 cities, including Beijing, Tianjin, Shanghai, Chongqing, Shenyang, Dalian, Xiamen, Guangzhou, Shenzhen, Chengdu and Xi'an (the "**4+7 Cities**"). On January 1, 2019, the General Office of the State Council also published the *Notice of Issuing Pilot Program of the Centralized Procurement and Use of Drugs Organized by the State* (《國務院辦公廳關於印發國家組織藥品集中採購和使用試點方案的通知》), which provides the detailed measures in the implementation of the national pilot scheme for centralized volume-based drug procurement in the 4+7 Cities.

Second, on the basis of the centralized volume-based drug procurement implemented by 4+7 cities, the State organizes relevant regions to form an alliance to carry out the centralized volume-based drug procurement of cross-regional alliances in September 2019. The Document for Centralized Drug Procurement in the Alliance area (GY-YD2019-1) (《聯盟地區藥品集中採購文件(GY-YD2019-1)》) was issued by the Joint Procurement Office on September 1, 2019. The alliance area includes the provinces and autonomous regions of Shanxi, Inner Mongolia, Liaoning, Jilin, Heilongjiang, Jiangsu, Zhejiang, Anhui, Jiangxi, Shandong, Henan, Hubei, Hunan, Guangdong, Guangxi, Hainan, Sichuan, Guizhou, Yunnan, Xizang, Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang (including Xinjiang Production and Construction Army Unit), except the 4+7 cities in the alliance area.

Third, the State promoted the centralized volume-based drug procurement nationwide in December 2019. According to the *Implementing Opinions on Expanding the Pilot Program for Conducting Centralized Procurement and Use of Drugs by the State to Wider Areas* (《關於國家組織藥品集中採購和使用試點擴大區域範圍的實施意見》) promulgated and came into effect on September 25, 2019, together with the Documents on National Centralized Drug Procurement (GY-YD2019-2) (《全國藥品集中採購文件(GY-YD2019-2)》) issued by the Joint Procurement Office on December 29, 2019 to launch the second batch of state-organized centralized volume-based drug procurement, the model of centralized procurement with target quantity in the pilot program for conducting centralized procurement and use of drugs by the

State will be promoted nationwide and all manufacturers of drugs within the scope of centralized procurement marketed in Mainland China, with the approval of the medical products administration, may participate in the pilot program.

The NHSA, the NHC, the NMPA, the Ministry of Industry and Information Technology (工業和信息化部) and the Logistics Support Department of the Central Military Commission (中央軍委後勤保障部) promulgated the Notice on the Commencement of the Second Batch of State Organized Centralized Drug Procurement and Use (《關於開展第二批國家組織藥品集中採購和使用工作的通知》) on January 13, 2020 which became effective on the same date. The second batch of national organization of centralized procurement and use of drugs will no longer be carried out in selected areas but nationwide, and this Notice expands the range of drugs to be centrally procured and used by state organizations, focusing on the selection of more competitive varieties. Considering the clinical efficacy, adverse reactions, the stability of the drug batches and other factors, the specific selection indicators shall be determined by the joint procurement office.

In order to comprehensively deepen the reform and establish a standardized and normalized mode of centralized volume-based drug procurement and use, the Joint Procurement Office issued the Documents on National Centralized Drug Procurement (GY-YD2020-1) (《全國藥品集中採購文件(GY-YD2020-1)》) on July 29, 2020 and launched the third batch of State organizations for the centralized volume-based drug procurement.

On January 15, 2021, the Joint Procurement Office issued the Documents on National Centralized Drug Procurement (GY-YD2021-1) (《全國藥品集中採購文件(GY-YD2021-1)》), pursuant to which, the fourth batch of State organizations for the centralized volume-based drug procurement was launched on February 3, 2021.

Regulations on Post-Marketing Surveillance

Pursuant to the newly amended DAL, the drug marketing authorization holder shall be responsible for the monitoring, reporting, and handling of adverse reactions in connection with pharmaceuticals in accordance with the provisions of the DAL. Marketing authorization holders, pharmaceutical manufacturer, pharmaceutical distributors, and medical institutions shall regularly inspect the quality, efficacy and adverse reactions of drugs manufactured, distributed, and used by them. Cases of suspected adverse reactions shall be promptly reported to the drug administrative authorities and the competent health administrative authority. The drug marketing authorization holder shall forthwith stop selling, notify the relevant pharmaceutical distributors and medical institutions to stop sales and use, recall sold drugs, promptly announce recall information if the drugs have quality issues or other safety hazards.

China became a member of ICH in 2017, and on January 25, 2018, the CFDA promulgated the *Announcement on the Application of the Secondary Guidelines of International Council on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use* (《關於適用國際人用藥品註冊技術協調會二級指導原則的公告》), which took effective on February 1, 2018 and stipulated that in order to promote the international integration of drug

registration technical standards, accelerate drug review and approval, and strengthen drug life-cycle management, the "E2D: Post-Approval Safety Date Management: Definitions and Standards for Expedited Reporting" (《E2D:上市後安全數據的管理;快速報告的定義和標準》) shall be applicable to the reporting adverse drug reactions after marketing since July 1, 2018. The "M1 MedDRA Terminology" (《M1:監管活動醫學詞典(MedDRA)》) and "E2B(R3): Implementation Guide for Electronic Transmission of Individual Case Safety Reports (ICSRs) E2B(R3) Data Elements and Message Specification" (《E2B(R3):臨床安全數據的管理:個例安全報告傳輸的數據元素》) would be applicable to reporting adverse drug reactions after marketing since July 1, 2019, however, such guidelines shall be applicable since July 1, 2022.

Regulations on Human Cell Therapy

China has a dual-track regulatory approval pathway for conducting T cell therapy clinical trials. One is approval as health care clinical study which is managed by NHC (the "NHC Pathway"). The other pathway is to register as biological drug which requires IND, registrational clinical trial and NDA approval by CDE/NMPA prior to commercialization. Laws, regulations and rules governing cell therapy in China have been evolving. The competent authorities, i.e., the NHC, NMPA, have been encouraging the development of cell therapy, as stated in "*Regulations on Drug Research and Development*". According to the responses to Recommendation No. 4371 of the Third Session of the 13th National People's Congress in February 2021, the NHC encourages the research and development of immunocell therapy, and is of the view that immunocell therapy has obvious nature of drugs, which will have high-quality development under the supporting policies being formulated by the NMPA.

The NHC Pathway

On March 2, 2009, the NHC published the *Management Measures for Clinical Application of Medical Technology* (《醫療技術臨床應用管理辦法》), which came into effect on May 1, 2009 and prescribed that cell immunotherapy belongs to the Category III medical technology of which the Clinical Application shall be subject to the additional provisions of the NHC. On May 1, 2009, the NHC published the *First List of Category III Medical Technologies Allowed for Clinical Application* (《首批允許臨床應用的第三類醫療技術目錄》) which prescribed cell immunotherapy technology as a Category III medical technology allowed for clinical application.

On June 29, 2015, the National Health and Family Planning Commission, or the NHFP, published the *Notice on Cancellation of the Category III Medical Technology Entry Approval* (《關於取消第三類醫療技術臨床應用准入審批有關工作的通知》), or the NHFP Notice, which cancelled the approval of the Category III medical technology clinical application. The NHFP Notice further provided that the cell immunotherapy (including T cell therapy) technology shall be regulated as clinical study, instead of medical technology. Since then, any T Cell therapy shall be governed by the *Measures for the Management of Clinical Study*

Projects Carried Out by Medical Institution (《醫療衛生機構開展臨床研究項目管理辦法》), promulgated by CFDA, NHC and State Administration of Traditional Chinese Medicine on October 16, 2014, and shall got the approval from the Institutional Review Board, or the IRB.

On July 20, 2015, the NHFP and the CFDA issued the *Administrative Measures on Stem Cell Clinical Research* (Trial) (《幹細胞臨床研究管理辦法(試行)》), which applied to stem cell clinical research carried out in medical institutions, and stipulated that no institution may charge subjects any fees related to stem cell clinical research, or publish in disguised form any advertisements for stem cell clinical research.

In March 2019, a *Draft Somatic Cell Therapy Clinical Research and the Transformation Application Management Measures (Trial)* (《體細胞治療臨床研究和轉化應用管理辦法(試行)(徵求意見稿)》) and the *Interpretation of the Somatic Cell Therapy Clinical Research and the Transformation Application Management Measures (Trial)* (《體細胞治療臨床研究和轉化應用管理辦法(試行)》解讀) were released by NHC, which stipulated, among others, that hospitals may use cell therapy treatment, and charge patients upon obtaining price approval from provincial level price administration authority; somatic cell therapy products under research and development led by enterprises shall apply for registration and marketing to the NMPA in accordance with the relevant provisions on drug administration.

Regulated as Medicines by NMPA and CDE

Pursuant to the DRR, human cell therapy and its products belong to biological products and the application for biological products shall be submitted as the process of new drug application.

On December 18, 2017, the CFDA promulgated the *Technical Guiding Principles for Research and Evaluation of Cell Therapy Products (Trial)* (《細胞治療產品研究與評價技術指導原則(試行)》), or the Technical Guiding Principles for Cell Therapy Products, which sets out the guidelines for medical study, non-clinical research and clinical research of cell therapy products.

As for the medical study of cell therapy, the general principle is that the medical studies and quality control of cell therapy shall take the fact that cells are capable of living in a body, multiplying and/or differentiating into consideration. At the same time, cell therapy products should meet the general requirements of drug quality management, and the whole production process of clinical samples should meet the basic principles and relevant requirements of the *Good Manufacturing Practice for Drugs* (《藥品生產質量管理規範》), or the GMP Regulations, published by the Ministry of Health on December 28, 1992 and further amended on January 17, 2011.

According to the Technical Guiding Principles for Cell Therapy Products, the non-clinical research shall follow the following principles:

(i) the research and evaluation of different products should follow the principle of a "case by case analysis" while at the same time, the *Guidelines for the Preclinical Safety Evaluation of Biotechnology-Derived Pharmaceuticals* (《生物技術藥品的臨床前安全性評價》) issued by the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (人用藥品註冊技術要求國際協調會) provide reference for the evaluation of non-clinical research of cell therapy products;

(ii) non-clinical study evaluation trials should use cell therapy products intended for clinical trials whenever possible. The production process and quality control of a subject used in a non-clinical trial shall be consistent with that of the subject to be used in a clinical trial (if not, the subject shall be explained and its effect on the prediction of human response shall be assessed);

(iii) non-clinical study evaluation should be conducted by selecting suitable species of animals whose biological response to cell therapy products is close to or similar to the expected human response. In some cases, alternatives to animal sources may also be used for evaluation;

(iv) in non-clinical study evaluation, the administration of cell therapy products should be able to maximize the simulation of the proposed clinical administration. If clinical administration cannot be simulated in animal studies, alternative administration methods should be identified in pre-clinical studies and their scientific and rational nature should be clarified; and

(v) subject analysis data should be provided.

As for clinical trials, the Technical Guiding Principles for Cell Therapy Products stipulate that when cell therapy products enter clinical trials, they should follow the requirements of the GCP. In principle, the research contents of clinical trials should include clinical safety evaluation, pharmacokinetics study, pharmacodynamics study, dose exploration study and confirmatory clinical trials. According to the product nature of different cell therapy products, the specific test design can be adjusted as appropriate.

On March 13, 2018, the CDE promulgated the *Key Considerations in Applying for Clinical Trials of Cell Therapy Products for Pharmaceutical Research and Application Data* (《細胞治療產品申請臨床試驗藥學研究和申報資料的考慮要點》) to encourage the innovation of cell therapy products in view of the urgent need of clinical drug use. The document provides guidance on the preparation of pharmaceutical research and application materials in the application phase of clinical trials, according to which, on the basis of following the requirements of technical guidelines for carrying out relevant research, the applicant should pay special attention to the certain considerations of pharmaceutical research

and application materials, including production of raw materials, production process, quality studies, and stability studies. On the basis of the Technical Guiding Principles for Cell Therapy Products, on October 18, 2019, the CDE promulgated the *Pharmaceutical Research Questions and Answers for Application of Cell Therapy Products for Clinical Trials (Issue One)* (《細胞治療產品申報臨床試驗藥學研究問題與解答(第一期)》) to provide reference for applicants on the common problems in the review and communication of CTA application data of cell therapy products. On February 10, 2021, CDE published the *Technical Guidelines for Clinical Trials of Immunocell Therapy Products* (Trial) (《免疫細胞治療產品臨床試驗技術指導原則(試行)》), or Technical Guidelines for Clinical Trials which applies to all immunocell therapy products that are developed and registered for the purpose of marketing in the PRC as per the DAL and the DRR, and provides necessary technical guidance for the overall trial planning, protocol design, trial implementation, and data analysis of cellular immune treatment (including CAR-T) products to carry out clinical trials, to reduce certain risks of the participating subjects in clinical trials and to regulate the evaluation method of the safety and effectiveness of such treatment. According to *Technical Guidelines for Clinical Trials*, considering that some immunocell therapy products, such as CAR-T, also have the nature of gene therapy products, the *Technical Guidelines for Clinical Trials* was issued for sponsors' references, and is not compulsory, and is subject to modifications and improvements from time to time. Nevertheless, the issuance of *Technical Guidelines for Clinical Trials* sets up clear guidance for the Company to conduct clinical trials of our Product Candidates. The CDE also published *Technical Guidelines for Nonclinical Research and Evaluation of Genetically Modified Cell Therapy Products (Trial)* (《基因修飾細胞治療產品非臨床研究與評價技術指導原則(試行)》), or Technical Guidelines for Nonclinical Research, for public comments, on February 23, 2021, which provides guidelines on the development of gene therapy products and assistance in the design of appropriate non-clinical research plans and as a reference for non-clinical evaluation to support the conduct of clinical trials. As of the Latest Practicable Date, the Technical Guidelines for Nonclinical Research has not been officially adopted. Once adopted, it will fill the gap in the regulation of non-clinical research on immunocyte therapy products. These two sets of guidelines are expected to be conducive to the long-term sustainable development of CAR-T products; we do not expect the Technical Guidelines for Clinical Trials and official issuance of the Technical Guidelines for Nonclinical Research to have negative impacts on our pipeline products or business operations.

LAWS AND REGULATIONS RELATING TO NATIONAL MEDICAL INSURANCE PROGRAM

The national medical insurance program was adopted pursuant to the *Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program* (《關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the Urban Employee Basic Medical Insurance Program and the insurance premium is jointly contributed by the employers and employees. In 2015, the PRC government announced the *Outline for the Planning of the National Medical and Health Service System (2015-2020)* (《全國醫療衛生服務體系規劃綱要(2015-2020年)》) which aims to establish a basic medical and health care system that covers both rural and urban citizens by 2020. The *Interim Measures for*

the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》) issued on May 12, 1999, provides that a pharmaceutical product listed in the National Reimbursement Drug List, or the NRDL, shall be clinically needed, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and shall meet the following requirements: (1) it is set forth in the Pharmacopeia (the prevailing version) of the PRC; (2) it meets the standards promulgated by the drug regulatory agency; and (3) if imported, it is approved by the drug regulatory agency for import.

According to the *Interim Measures for the Administration of Drug Use Covered under Basic Medical Insurance* (《基本醫療保險用藥管理暫行辦法》) issued by NHSA and taking effect from September 1, 2020, the administrative department of medical security under the State Council has the power to determine the NRDL and amend the same every year, in which drugs are divided into two parts, Class A and Class B. Pursuant to the *Interim Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee* (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》), provincial governments are required to include all Class A medicines listed on the NRDL in their provincial catalogues, but have the discretion to adjust upwards or downwards by no more than 15% from the number of Class B medicines listed in the NRDL. However, such aforementioned mechanism has been changed since the issuance of the *Notice of the NHSA and MHRSS on the Issuance of the NRDL* (《國家醫保局、人力資源社會保障部關於印發<國家基本醫療保險、工傷保險和生育保險藥品目錄>的通知》) on August 20, 2019 which became effective on January 1, 2020, which was replaced by the *Notice of the NHSA and MHRSS on the Issuance of the NRDL (2020)* (《國家醫保局、人力資源社會保障部關於印發〈國家基本醫療保險、工傷保險和生育保險藥品目錄(2020年)〉的通知》), or the Notice of NRDL for 2020 issued on December 25, 2020 and becoming effective on March 1, 2021. Such Notices regulate that all localities shall strictly implement the NRDL and are not allowed to make a catalogue or add drugs in the NRDL, or adjust the limited payment scope of drugs in the NRDL.

Patients purchasing medicines included in Class A of the NRDL are entitled to reimbursement in accordance with the regulations in respect of basic medical insurance. Patients purchasing medicines included in Class B of the NRDL are required to pay a certain percentage of the purchase price and the remainder of the purchase price shall be reimbursed in accordance with the regulations in respect of basic medical insurance.

LAWS AND REGULATIONS RELATING TO PRODUCT LIABILITY

The *Product Quality Law of the PRC* (《中華人民共和國產品質量法》), or the Product Quality Law, promulgated by the Standing Committee of the NPC on February 22, 1993 and latest amended on December 29, 2018, is the principal governing law relating to the supervision and administration of product quality. According to the Product Quality Law, manufacturers shall be liable for the quality of products produced by them, and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable for compensating for any bodily injuries or property damages, other than the defective product itself, resulting from the defects in the product, unless the manufacturer is able to prove that

(1) the product has never been distributed; (2) the defects causing injuries or damages did not exist at the time when the product was distributed; or (3) the science and technology at the time when the product was distributed was at a level incapable of detecting the defects. A seller shall be liable for compensating for any bodily injuries or property damages of others caused by the defects in the product if such defects are attributable to the seller. A seller shall pay compensation if it fails to indicate either the manufacturer or the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

On May 28, 2020, the *Civil Code of the PRC* (《中華人民共和國民法典》) was adopted by the third session of the 13th NPC, and became effective on January 1, 2021 and simultaneously replace the previous effective relevant laws, according to which, in general, manufacturers shall assume tort liabilities where the defects in products cause damages to others and sellers shall assume tort liabilities where the defects in products that have caused damages to others are attributable to the sellers. And the aggrieved party may claim for compensation from the manufacturer or the seller of the defected product that has caused damage; a patient may make a claim against the drug marketing authorization holder, a medical institution or drug producer for any damage arising from defects of drugs.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY PROTECTIONS

Non-Patent Exclusivities

New Drug Monitoring Period

According to the Implementing Regulations of the DAL, the NMPA may, for the purpose of protecting public health, provide for an administrative monitoring period of five years for new drugs approved to be manufactured, commencing from the date of approval, to continually monitor the safety of those new drugs. During the monitoring period, the NMPA will not approve another CTA from another applicant for the same type of drug, except if another sponsor has an approved CTA at the time that the monitoring period is initiated it may proceed with its trial and once approved become another drug that is part of the monitoring period. However, compared with the DRR amended in 2007, the newly amended DRR issued in 2020 delete the provisions related to the new drug monitoring period.

Regulatory Data Protection

Pursuant to the Innovation Opinion in October 2017, which lays the foundation for the establishment of a system for regulatory data protection to protect innovators. This protection will be available to the undisclosed clinical trial data of drugs falling into the following categories: innovative drugs, drugs that treat orphan diseases, pediatric drugs, innovative therapeutic biologics, and drugs for which there has been a successful patent challenge.

On April 25, 2018, NMPA published a *Draft on Implementing Regulations for Pharmaceutical Study Data Protection* (《藥品試驗數據保護實施辦法(暫行)(徵求意見稿)》) that would set regulatory data protection for innovative drugs at six years and for innovative therapeutic biologics at 12 years; pediatric and orphan drugs would receive six years to run concurrently from the date when the relevant indication is first approved in China. Full terms of protection would require reliance on local trials or sites of multicenter trials in China for submission of marketing applications in China or simultaneous submissions of marketing applications in China and other countries. Submissions in China in reliance on multicenter trials in China that are up to six years after those made abroad would result in the term being reduced to 1-5 years. Submissions made in China in reliance on multicenter trials in China over six years after those made abroad may not receive protection. As of the Latest Practicable Date, this draft has not been promulgated.

Patents

Pursuant to the *PRC Patent Law* (《中華人民共和國專利法》), most recently amended in October 17, 2020 and taking effect from June 1, 2021, and its implementation rules, most recently amended in January 2010, patents in China fall into three categories: invention, utility model and design. Under the currently effective PRC Patent Law, the term of patent protection starts from the date of application. Patents relating to invention are effective for twenty years, and utility model and design patents are effective for ten years from the date of application. The PRC Patent Law adopts the principle of "first-to-file" system, which provides that where more than one person files a patent application for the same invention, a patent will be granted to the person who first files the application.

The newly amended PRC Patent Law introduces patent extensions to patents of new drugs that launched in the PRC, and stipulates that the Patent Administration Department under the State Council shall, upon request of the patentee, extend the patent term of relevant invention patents of the new drug that is approved to be listed on the market in China, to compensate for the time spent for the review and examination and approval of the listing of a new drug on the market. The compensated extension shall not exceed five years, and the total valid patent term after the new drug is approved for the market shall not exceed 14 years. Such newly adopted patent term extension rule benefits the Company through providing longer protection terms of patents applied or registered in the PRC and related to our product candidates. This rule needs to be further elaborated by the competent authority, and the benefits we could enjoy are subject to the relevant clarifications and explanations.

Trade Secrets

According to *the PRC Anti-Unfair Competition Law*(《中華人民共和國反不正當競爭法》), the term "trade secrets" refers to technical and business information that is unknown to the public, has utility and may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Trade secret requirements under the current framework in China is still under development and not robust.

Under the PRC Anti-Unfair Competition Law, which was promulgated on September 2, 1993 and was latest amended on April 23, 2019, business persons are prohibited from infringing others' trade secrets by: (1) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (1) above; (3) disclosing, using, or allowing another person to use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (4) abetting a person, or tempting, or aiding a person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation or the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known that an employee or former employee of the right owner of trade secrets or any other entity or individual conducts any of the illegal acts listed above, but still accepts, publishes, uses or allows any other to use such secrets, this practice will be deemed as an infringement of trade secrets. A party whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties in the amount of RMB100,000 to RMB1,000,000, and where the circumstance is serious, the fine will be RMB500,000 to RMB5,000,000. Alternatively, persons whose trade secrets are being misappropriated may file lawsuits in a Chinese court for loss and damages incurred due to the misappropriation.

The measures to protect trade secrets include oral or written non-disclosure agreements or other reasonable measures to require the employees of, or persons in business contact with, legal owners or holders to keep trade secrets confidential. Once the legal owners or holders have asked others to keep trade secrets confidential and have adopted reasonable protection measures, the requested persons bear the responsibility for keeping the trade secrets confidential.

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 and latest amended on April 23, 2019 and became effective from November 1, 2019, the period of validity for a registered trademark is ten years, commencing from the date of registration. The registrant shall go through the formalities for renewal within twelve months prior to the expiry date of the trademark if continued use is intended. Where the registrant fails to do so, a grace period of six months may be granted. The validity period for each renewal of registration is ten 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 the law.

Domain names

Domain names are regulated under *the Administrative Measures on the Internet Domain Names* (《互聯網域名管理辦法》) issued by the Ministry of Industry and Information Technology, or the MIIT, on August 24, 2017 and effective from November 1, 2017. The MIIT is the main regulatory authority responsible for the administration of PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Foreign Investment

Investment activities in the PRC 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 Ministry of Commerce, or the MOFCOM and National Development and Reform Commission, or the NDRC. Pursuant to *the Catalogue of Industries for Encouraging Foreign Investment (2020)* (《鼓勵外商投資產業目錄(2020年版)》), or the 2020 Catalogue, which came to effect from January 27, 2021, *Special Administrative Measures (Negative List) for the Access of Foreign Investment in Pilot Free Trade Zones (2020)* (《自由貿易試驗區外商投資准入特別管理措施(負面清單) (2020年版)》), or the Negative List in Pilot Free Trade Zones and *Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020)* (《外商投資准入特別管理措施(負面清單) (2020年版)》), or the Negative List (2020), all of which shall come into effect on July 23, 2020, industries are divided into two categories: encouraged industries and the industries within the Negative List. The Negative List is further divided into two sub-categories: restricted industries and prohibited industries. Foreign investors are not allowed to invest in industries in the prohibited categories. According to the Negative List (2020), the development and application of technologies of human stem cell and gene diagnosis and therapy remains as prohibited areas for foreign investment.

On March 15, 2019, the NPC approved the *Foreign Investment Law of the PRC* (《外商投資法》), or the Foreign Investment Law, which became effective on January 1, 2020 and replaced the three old rules on foreign investment in China, namely, the *PRC Equity Joint Venture Law* (《中外合資經營企業法》), the *PRC Cooperation Joint Venture Law* (《中外合作經營企業法》) and the *Wholly Foreign-Owned Enterprise Law* (《外資企業法》), together with their implementation rules and ancillary regulations. The Foreign Investment Law establishes the basic framework for the access to, and the promotion, protection, and administration of foreign investments in view of investment protection and fair competition. According to the Foreign Investment Law, "foreign investment" refers to investment activities directly or indirectly conducted by one or more natural persons, business entities, or other organizations of a foreign country (collectively referred to as "foreign investor") within China, and "investment activities" include the following activities: (i) a foreign investor, individually or together with other investors, establishes a foreign-invested enterprise within China; (ii) a

foreign investor acquires stock shares, equity shares, shares in assets, or other similar rights and interests of an enterprise within China; (iii) a foreign investor, individually or together with other investors, invests in a new construction project within China; and (iv) investments in other means as provided by the laws, administrative regulations or the State Council. The Foreign Investment Law grants foreign invested entities the same treatment as PRC domestic entities, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the Negative List.

On December 26, 2019, the State Council promulgated the *Implementation Rules to the Foreign Investment Law* (《外商投資法實施條例》), which became effective on January 1, 2020. The implementation rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department online.

M&A Rules

According to the *Provisions on the Merger or Acquisition of Domestic Enterprises by Foreign Investors* (《關於外國投資者併購境內企業的規定》), or the M&A Rules, which was jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation of the PRC, or the SAT, the State Administration for Industry and Commerce (now known as the SAMR), China Securities Regulatory Commission, or the CSRC and State Administration of Foreign Exchange, or the SAFE, on August 8, 2006 and latest amended by the MOFCOM on June 22, 2009, application shall be made for examination and approval of the acquisition of any company in China affiliating to a domestic company, enterprise or natural person, which is made in the name of an oversea company established or controlled by such domestic company, enterprise or natural person.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

The *PRC Foreign Exchange Administration Regulations* (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, which was latest amended on August 5, 2008, are the principal regulations governing foreign currency exchange in China. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, may be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. In contrast, approval from or registration with appropriate

government authorities or designated banks is required when RMB is to be converted into a foreign currency and remitted out of China to pay capital expenses such as the repayment of foreign currency-denominated loans.

Under current regulations, the capital of a foreign-invested enterprise and capital in RMB obtained by the foreign-invested enterprise from foreign exchange settlement must not be used for the following purposes: directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; directly or indirectly used for investment in securities, unless otherwise provided by relevant laws and regulations; extending loans to non-related parties, unless permitted by the scope of business; and/or paying the expenses related to the purchase of real estate that is not for self-use, except for the real estate enterprises.

In 2017, new regulations were adopted which, among other things, relax the policy restriction on foreign exchange inflow to further enhance trade and investment facilitation and tighten genuineness and compliance verification of cross-border transactions and cross-border capital flows.

In 2019, SAFE promulgated *Notice by the State Administration of Foreign Exchange of Further Facilitating Cross-border Trade and Investment* (《關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28, which cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. If a non-investing foreign-funded enterprise makes domestic equity investment with capital funds obtained from foreign exchange settlement, the investee shall undergo registration formalities for accepting domestic reinvestment and open the "capital account — account for settled foreign exchange to be paid" to receive the corresponding funds according to relevant provisions.

SAFE Circular 37

In July 2014, SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-tripping Investment Made by Domestic Residents through 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》), or the SAFE Circular 37, which replaces the *Notice of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Companies* (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular 75. SAFE Circular 37 requires PRC residents, including PRC individuals and PRC corporate entities, to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our Shareholders who are PRC residents and may be applicable to any offshore acquisitions that we may make in the future.

Under SAFE Circular 37, PRC residents who make, or have prior to the implementation of SAFE Circular 37 made, direct or indirect investments in offshore special purpose vehicles, or SPVs, are required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV, is required to update its registration with the local branch of SAFE with respect to that SPV, to reflect any change of basic information or material events. If any PRC resident shareholder of such SPV fails to make the required registration or to update the registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contributions into its subsidiaries in China. In February 2015, SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to 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》), or SAFE Notice 13. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound direct investments, including those required under SAFE Circular 37, shall be filed with qualified banks instead of SAFE. Qualified banks should examine the applications and accept registrations under the supervision of SAFE.

Regulations Relating to Employee Stock Incentive Plan

On February 15, 2012, the SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Domestic Individuals' Participation in Equity Incentive Plans of Overseas Listed Companies* (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the SAFE Circular 7. In accordance with the SAFE Circular 7 and relevant rules and regulations, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with the SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain procedures. We and our employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who participate in our stock incentive plan will be subject to such regulation. In addition, the State Taxation Administration, or the STA 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, or the 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. If the employees fail to pay, or the PRC subsidiaries fail to withhold, their IIT according to relevant laws, rules and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

LAWS AND REGULATIONS RELATING TO DIVIDEND DISTRIBUTIONS

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the *PRC Company Law* (《中華人民共和國公司法》), promulgated in 1993 and latest amended in 2018 and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of its accumulated after-tax profits each year, if any, to fund certain capital reserve fund until the aggregate amount of the reserve fund has reached 50% of the registered capital of the enterprise. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

LAWS AND REGULATIONS RELATING TO EMPLOYMENT, SOCIAL SECURITY AND HOUSE FUNDS

Labor Law, Labor Contract Law, and its Implementation Regulations

Pursuant to *the PRC Labor Law* (《中華人民共和國勞動法》) promulgated by the Standing Committee of the NPC on July 5, 1994 and latest amended on December 29, 2018 and *the PRC Labor Contract Law* (《中華人民共和國勞動合同法》) promulgated by the Standing Committee of the NPC on June 29, 2007 and latest amended on December 28, 2012, employers shall execute written labor contracts with full-time employees. All employers shall comply with local minimum wage standards. Employers shall 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, working location, occupational hazards, and status of safe production as well as remuneration and other conditions. Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

Regulations on Social Insurance and Housing Provident Funds

In addition, according to the *PRC Social Insurance Law* (《中華人民共和國社會保險法》) promulgated on October 28, 2010 by the Standing Committee of the NPC and latest 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》) promulgated by the State Council on January 22, 1999 and latest amended on March 24, 2019, and *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 latest amended on March 24, 2019, employers like our PRC subsidiaries in the PRC shall provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance,

medical insurance and housing funds. These payments are made to local administrative authorities, and any employer who fails to contribute may be fined and ordered to pay the deficit amount within a stipulated time limit.

LAWS AND REGULATIONS RELATING TO TAXATION

Regulations on Enterprise Income Tax

Pursuant to *the PRC Enterprise Income Tax Law* (《中華人民共和國企業所得税法》) effective as of January 1, 2008 and latest amended on December 29, 2018, the income tax rate for both domestic and foreign-invested enterprises is 25% with certain exceptions. As for enterprises qualified as "high and new technological enterprises", the applicable income tax rate shall be reduced to 15%. To clarify certain provisions in the *PRC Enterprise Income Tax Law*, the State Council promulgated the *Implementation Rules of the Enterprise Income Tax Law* (《中華人民共和國企業所得税法實施條例》) on December 6, 2007, it was later amended and the amendment became effective on April 23, 2019. Under the *PRC Enterprise Income Tax Law* and *the Implementation Rules of the PRC Enterprise Income Tax Law*, enterprises are classified as either "resident enterprises" or "non-resident enterprises." Aside from enterprises established within the PRC, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and are subject to the uniform 25% enterprise income tax rate for their global income. In addition, the *PRC Enterprise Income Tax Law* provides that a non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within the PRC, but has an establishment or place of business in the PRC, or does not have an establishment or place of business in the PRC but has income sourced within the PRC.

The *Implementation Rules of the PRC Enterprise Income Tax Law* provide that since January 1, 2008, an income tax rate of 10% shall normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which the non-PRC shareholders reside.

According to the *Notice of the State Administration of Taxation on Delivering the Table of Negotiated Dividends and Interest Rates to Lower Levels* (《關於下發協定股息税率情況一覽表的通知》) issued on January 29, 2008, latest revised on February 29, 2008, and the *Arrangement between Mainland China and the 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税和防止偷漏税的安排》), or Double Tax Avoidance Arrangement, the withholding tax rate in respect of the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise and certain other conditions are met, including: (i) the Hong Kong enterprise must

directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) the Hong Kong enterprise must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. However, based on the *Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties* (《關於執行税收協定股息條款有關問題的通知》) issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the *Announcement on Certain Issues with Respect to the "Beneficial Owner" in Tax Treaties* (《關於税收協定中"受益所有人"有關問題的公告》) issued by the SAT on February 3, 2018 and effective from April 1, 2018, if an applicant's business activities do not constitute substantive business activities, it could result in the negative determination of the applicant's status as a "beneficial owner", and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Regulations on Value Added Tax

Pursuant to the *Provisional Regulations of the PRC on Value-added Tax* (《中華人民共和國增值税暫行條例》), promulgated by the State Council on December 13, 1993 and latest amended on November 19, 2017, the *Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax* (《中華人民共和國增值税暫行條例實施細則》), promulgated by the Ministry of Finance and the SAT on December 25, 1993 and latest amended and came into effect on November 1, 2011 (collectively, the "VAT Law"), all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, and the importation of goods within the territory of the PRC must pay value added tax ("VAT"). On November 19, 2017, the State Council promulgated the *Decisions on Abolition of the Provisional Regulations of the PRC on Business Tax and Revision of the Provisional Regulations of the PRC on Value-added Tax* (《關於廢止<中華人民共和國營業税暫行條例>和修改<中華人民共和國增值税暫行條例>的決定》), or Order 691. According to the VAT Law and Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, sales of services, intangible assets, real property, and the importation of goods within the territory of the PRC must pay VAT. The VAT tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%. The *Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates* (《財政部、國家税務總局關於調整增值税税率的通知》), or the Notice, was promulgated on April 4, 2018 and came into effect on May 1, 2018. According to the Notice, the VAT tax rates of 17% and 11% are changed to 16% and 10%, respectively. On March 20, 2019, the Ministry of Finance, State Taxation Administration and General Administration of Customs jointly promulgated the *Announcement on Policies for Deeping the VAT Reform* (《關於深化增值税改革有關政策的公告》), or Notice 39, which came into effect on April 1, 2019. Notice 39 further changes the VAT tax rates of 16% and 10% to 13% and 9% respectively.

LAWS AND REGULATIONS ON IMPORTING AND EXPORTING OF GOODS

Pursuant to the *Customs Law of the PRC* (《中華人民共和國海關法》) which was promulgated by Standing Committee of the NPC on January 22, 1987 and became effective as of July 1, 1987, and latest amended on November 4, 2017 and came into force on November 5, 2017, the import of goods throughout the period from the time of arrival in the territory of China to the time of customs clearance, the export of goods throughout the period from the time of declaration to the customs to the time of departure from the territory of China, and the transit, transshipment and through-shipment goods throughout the period from the time of arrival in the territory of China to the time of departure from the territory of China shall be subject to customs control.

Pursuant to the *Foreign Trade Law of the PRC* (《中華人民共和國對外貿易法》) which was promulgated by the SCNPC on May 12, 1994 and became effective as of July 1, 1994, and latest amended and came into force on November 7, 2016, any foreign trade business operator that is engaged in the import and export of goods or technology shall be registered for archival purposes with the administrative authority of foreign trade of the State Council or the institution entrusted thereby, unless it is otherwise provided for by any law, administrative regulation or the foreign trade department of the State Council. Where any foreign trade business operator that fails to file for archival registration according to relevant provisions, the customs may not handle the procedures of customs declarations and release of the import or export goods.

Pursuant to the *Administrative Provisions on the Registration of Customs Declaration Entities of the PRC* (《中華人民共和國海關報關單位註冊登記管理規定》) which was promulgated by the General Administration of Customs on and became effective as of March 13, 2014, and latest amended on May 29, 2018 and came into force on July 1, 2018, the import and export of goods shall be declared by the consignor or consignee itself, or by a customs declaration enterprise entrusted by the consignor or consignee and duly registered with the customs authority. Consignors and consignees of imported and exported goods shall go through customs declaration entity registration formalities with the competent customs departments in accordance with the applicable provisions. After completing the registration formalities with the customs, consignors, and consignees of the imported and exported goods may handle their own customs declarations at customs ports or localities where customs supervisory affairs are concentrated within the customs territory of the PRC.

LAWS AND REGULATIONS RELATING TO ENVIRONMENT PROTECTION

Pursuant to the *Environmental Protection Law of the PRC* (《中華人民共和國環境保護法》) promulgated by the SCNPC, on December 26, 1989, latest amended on April 24, 2014 and effective on January 1, 2015, any entity which discharges or will discharge pollutants during course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, waste water, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation and other hazards produced during such activities. According to the

provisions of the Environmental Protection Law, in addition to other relevant laws and regulations of the PRC, the Ministry of Ecology and Environment of the PRC and its local counterparts take charge of administering and supervising said environmental protection matters.

Pursuant to the Environmental Protection Law, the environmental impact document on any construction project must assess the pollution that the project is likely to produce and its impact on the environment, and stipulate preventive and curative measures; the document shall be submitted to the competent administrative department of environmental protection for approval. Installations for the prevention and control of pollution in construction projects must be designed, built, and commissioned together with the principal part of the project.

Permission to commence production at or utilize any construction project shall not be granted until its installations for the prevention and control of pollution have been examined and confirmed to meet applicable standards by the appropriate administrative department of environmental protection that examined and approved the environmental impact document. Installations for the prevention and control of pollution shall not be dismantled or left idle without authorization. Where it is necessary to dismantle any such installation or leave it idle, prior approval shall be obtained from the competent local administrative department of environmental protection.

Pursuant to the *Law of the PRC on Environment Impact Assessment* (《中華人民共和國環境影響評價法》), which was issued on October 28, 2002 and latest amended on December 29, 2018, the State implements a classification-based management on the environmental impact assessment, or EIA, of construction projects according to the impact of the construction projects on the environment. Construction units shall prepare Environmental Impact Report, or EIR, or Environmental Impact Statement, or EIS, or fill out the Environmental Impact Registration Form, or EIRF.

LAWS AND REGULATIONS RELATING TO CONSTRUCTION AND REAL ESTATE

Approval or Record-filing for Projects

Pursuant to the *Regulations on the Administration of Enterprise Investment Projects by Verification and Approval and Record-filing* (《企業投資專案核准和備案管理條例》) promulgated by the State Council and effective on February 1, 2017, fixed asset investment projects related to national security, layout of major production capacity across the country, strategic resources development and major public interests, etc. shall be subject to administration by verification and approval. Projects other than those prescribed above shall be subject to administration by record-filing.

Inspection and Acceptance of Environmental Protection Facilities

As per the *Regulations on Environmental Protection Management for Construction Projects* (《建設項目環境保護管理條例》) latest amended by State Council on July 16, 2017, after the completion of the construction of a construction project for which an EIR or EIS is drawn up, the construction unit shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct an acceptance check of the matching environmental protection facilities and prepare an acceptance check report.

Construction Permits

According to the *Construction Law of the PRC* (《中華人民共和國建築法》) latest amended on April 23, 2019, and the *Measures for the Administration of Construction Permits for Construction Projects* (《建築工程施工許可管理辦法》) latest amended on September 28, 2018, for the construction, renovation and decoration of all kinds of buildings and the auxiliary facilities thereof, the installation of supporting lines, pipes and equipment, and the construction of municipal infrastructure projects in cities and towns, the construction entity shall, prior to starting the construction, apply to the housing and urban-rural development administrative department of the people's government at or above the county level where the project is located for a construction permit. For a construction project of which investment is less than RMB300,000 or construction area is less than 300 square meters, the construction entity may be allowed not to apply for a construction permit.

Fire Protection Design Approval and Filing

The *Fire Prevention Law of the PRC* (《中華人民共和國消防法》), or the Fire Prevention Law, was adopted on April 29, 1998 and latest amended on April 23, 2019. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the emergency management authority of the State Council and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The fire and rescue department of people's government are responsible for implementation. The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards (as the case may be). According to the *Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects* (《建設工程消防設計審查驗收管理暫行規定》), issued by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and effective on June 1, 2020, special construction projects as defined under such Interim Provisions shall conduct fire protection design review and fire protection final inspection, construction projects other than such special construction projects shall fill protection design and acceptance of the project with competent authority.

Inspection for Acceptation

According to the *Construction Law of the PRC* (《中華人民共和國建築法》) latest amended on April 23, 2019, and the *Regulations on the Administration of Construction Project Quality* (《建設工程質量管理條例》) latest amended on April 23, 2019, the construction unit shall, after it receives the report of construction completion of its project, organize the units concerned such as for designing, construction and engineering supervision to carry out inspection for acceptance, and construction projects shall be delivered for use only upon passing the acceptance inspection.

Regulations on Real Estates

Pursuant to the *Land Administration Law of the PRC* (《中華人民共和國土地管理法》) or LAL promulgated by the Standing Committee of the NPC on June 25, 1986, and latest amended on August 26, 2019 and effective on January 1, 2020, the PRC applies a system of control over the purposes of use of land, including land for agriculture, land for construction and unused land. All units and individuals shall use land in strict compliance with the purposes of use defined in the overall plans for land utilization. Registration of the ownership and the right to the use of land shall be governed by the laws and administrative regulations relating to real estate registration and the legally registered ownership and right to the use of land shall be protected by law and may not be infringed upon by any entities or individuals.

Pursuant to *Law of the People's Republic of China on the Administration of the Urban Real Estate* (《中華人民共和國城市房地產管理法》) promulgated by the Standing Committee of the NPC on July 5, 1994 and latest amended on August 26, 2019 and effective on January 1, 2020, the PRC practices a system of registration and certification for land-use right and ownership of houses. Where a house has been built on the land for real estate development obtained pursuant to the law, an application for registration shall, on the strength of the certificate of land-use right, be submitted to the department of housing administration under the local people's government at or above the county level. The department of housing administration under the local people's government at or above the country level shall issue a certificate of the ownership of the house after verification.

LAWS AND REGULATIONS OF PHARMACEUTICAL PRODUCT DEVELOPMENT AND APPROVAL IN THE UNITED STATES

Framework for the Regulation of Cell Therapy Products in the U.S.

In the United States, FDA regulates drugs and biologics, including cell therapies such as CAR-T therapies, under the Federal Food, Drug, and Cosmetic Act ("**FDCA**"), the Public Health Services Act ("**PHSA**"), and their implementing regulations. In December 2016, the 21st Century Cures Act was enacted to help accelerate medical product development and bring new innovations and advances to patients who need them faster and more efficiently. Besides, FDA established regulations for cell therapy products which can be found in Title 21 of the Code of Federal Regulations ("**CFR**") Part 1271 under the authority of section 361 of the PHSA. The table below sets forth the summary of the key regulations related to cell therapy products.

Regulation	Summary
Federal Food, Drug and Cosmetic Act	Regulates the safety of drugs and medical devices "intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease" or "intended to affect the structure or any function of the body."
Public Health Service Act, Section 351 and Section 361 . .	Regulates the interstate sales of biologic products and authorizes FDA to make and enforce regulations "to prevent the introduction, transmission, or spread of communicable diseases."
21st Century Cures Act	Directs FDA to create an expedited process for evaluating regenerative medicine advanced therapies, known as the RMAT designation.
Title 21 of the Code of Federal Regulations Part 1271	Creates an electronic registration and listing system for establishments that manufacture human cells, tissues, and cellular and tissue-based products (HCT/P's) and to establish donor-eligibility, current good tissue practice, and other procedures to prevent the introduction, transmission, and spread of communicable diseases by HCT/P's.

In November 2017, FDA published four guidance documents to supplement existing statutes and together formed the U.S. regulation framework of cell therapy products, among which three of them had been updated in 2019, 2019 and 2020, respectively. Their names and key features are set forth in the table below.

Guidance	Key features
Regulatory Considerations for Human Cells, Tissues, and Cellular and Tissue-Based Products: Minimal Manipulation and Homologous Use	Provides the definition of regulatory terms, e.g. minimal manipulation and homologous use. Articulates the regulatory scope of FDA's regulation of HCT/P's and compliance policy.
Same Surgical Procedure Exception under 21 CFR 1271.15(b): Questions and Answers Regarding the Scope of the Exception	Describes the exception from FDA oversight that applies to "same surgical procedures" as described in the Title 21 of the CFR, Part 1271.
Expedited Programs for Regenerative Medicine Therapies for Serious Conditions	Describes the expedited development program available for qualifying regenerative medicine advanced therapies (RMAT) designation.
Evaluation of Devices Used with Regenerative Medicine Advanced Therapies	Describes how FDA will approach the evaluation of devices used in the recovery, isolation, or delivery of RMAT.

Although the guidance documents do not establish legally enforceable responsibilities, they describe the FDA's current thinking and indicate how FDA will enforce the law. Though product manufacturers are strongly encouraged to consult and comply with these guidance documents, they are not required to do so.

The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, and local statutes and regulations requires the expenditure of substantial time and financial resources. Before a new drug or biologic may be approved by FDA and marketed by a company, it must undergo extensive testing, development, and regulatory review to determine that it is safe and effective and to ensure that its manufacturing processes are capable of consistently ensuring the product candidate's identity, strength, quality, purity, and potency. Failure to comply with the applicable U.S. regulatory requirements at any time during the product development process, approval process or after approval may subject an applicant to administrative actions or judicial sanctions. These actions and sanctions could include, among other actions, refusal by FDA to approve pending applications, withdrawal of an approval, imposition of a clinical hold, issuance of warning letters and other

types of enforcement-related letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement of profits, or civil or criminal investigations and penalties brought by FDA and the Department of Justice, or DOJ, or other government entities. Any such actions could have a material adverse effect on our business, the market acceptance of our products and our reputation.

Before our product candidates could be legally marketed in the United States, they must be approved by the FDA through the NDA/BLA process, which generally involves the following:

- completion of preclinical laboratory tests and animal studies performed in accordance with the FDA's Good Laboratory Practices ("**GLP regulations**");

- submission to the FDA of an investigational new drug application ("**IND**"), which must become effective before clinical trials may begin and must be updated annually or when significant changes are made;

- approval by an independent Institutional Review Board ("**IRB**"), or ethics committee at each clinical site before the trial is commenced;

- performance of adequate and well-controlled human clinical trials in accordance with applicable Good Clinical Practices ("**GCPs**") and other clinical trial-related regulations, to establish the safety and effectiveness of the proposed biologic product candidate for its intended indications;

- preparation of and submission to the FDA of an NDA/BLA when adequate data are obtained from pivotal clinical trials;

- a determination by the FDA within 60 days of its receipt of an NDA/BLA to accept the application for review;

- satisfactory completion of an FDA Advisory Committee review, if applicable;

- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities at which the proposed product is produced to assess compliance with cGMP and to assure that the facilities, methods and controls are adequate to preserve the biological product's continued safety, purity and potency, and of selected clinical investigation sites to assess compliance with GCPs;

- Potential FDA audit of the pre-clinical and/or clinical trial sites that generated the data in support of the NDA/BLA; and

- FDA review and approval of the NDA/BLA to permit commercial marketing of the product for particular indications for use in the United States.

Preclinical Studies and Clinical Trials

The data required to support an NDA/BLA is generated from two distinct development stages: preclinical studies and clinical trials.

Preclinical studies involves *in vitro* and animal studies to evaluate product candidate chemistry, pharmacology, metabolism, toxicity, formulation, potential safety and efficacy, and/or any potential to cause a variety of adverse conditions or diseases, including birth defects or cancer. This includes the establishment of the relative toxicity of the product candidate over a wide range of doses. Such studies must generally be conducted in accordance with GLP regulations.

If preclinical results warrant continuing development of the drug or biologic, the results of the preclinical studies, together with manufacturing information, analytical data, any available clinical data, the proposed clinical study protocols, investigator information, and available preclinical and clinical literature, among other items, are submitted to the FDA by the product candidate sponsor as part of an IND application. An IND application is a request for authorization from the FDA prior to the beginning of the first clinical trial with a product candidate in the United States. The central focus of an IND application is on the general investigational plan and the protocol(s) for clinical studies. Once the IND is submitted, the sponsor must wait 30 calendar days before initiating any clinical trials. During this time, FDA has an opportunity to review the IND for safety to assure that research subjects will not be subjected to unreasonable risk. FDA may at any time during the course of the investigation communicate with the sponsor orally or in writing about deficiencies in the IND or about FDA's need for more data or information. On the sponsor's request, FDA will provide advice on specific matters relating to an IND. Examples of such advice may include advice on the adequacy of technical data to support an investigational plan, on the design of a clinical trial, and on whether proposed investigations are likely to produce the data and information that is needed to meet requirements for a marketing application. Unless the communication is accompanied by a clinical hold order under § 312.42, FDA communications with a sponsor under this section are solely advisory and do not require any modification in the planned or ongoing clinical investigations or response to the agency. If the IND sponsor is not able to address FDA's concerns satisfactorily, the IND may be placed on clinical hold. A clinical hold is an order issued by the FDA to the sponsor to delay a proposed clinical investigation or to suspend an ongoing investigation. The clinical hold order may apply to one or more of the investigations covered by an IND. When a proposed study is placed on clinical hold, subjects may not be given the investigational drug. When an ongoing study is placed on clinical hold, no new subjects may be recruited to the study and placed on the investigational drug; patients already in the study should be taken off therapy involving the investigational drug unless specifically permitted by the FDA in the interest of patient safety. The IND sponsor and the FDA must resolve any outstanding concerns or questions before the IND is cleared by the FDA and the clinical trial can begin or resume. Therefore, the mere submission of an IND does not guarantee FDA authorization to begin a clinical trial.

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical study.

Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety, the effectiveness criteria to be evaluated and a statistical analysis plan. Generally, a separate submission to the existing IND must be made for each successive clinical trial conducted during product development and for any subsequent protocol amendments. In addition, an IRB at each study site participating in the clinical trial or an external IRB must review and approve the plan for any clinical trial, informed consent forms, and communications to study subjects before a study commences at that site and must monitor the study until completed. Besides, some studies may also include oversight by an independent group of qualified experts organized by the clinical study sponsor, known as a data safety monitoring board, or DSMB, which provides recommendation on whether or not a study should move forward at designated check points based on access to certain data from the study. The DSMB may recommend halting of the clinical trial if it determines that there is an unacceptable safety risk for subjects or on other grounds, such as no demonstration of efficacy. There are also requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries, e.g. information about certain clinical trials must be submitted within specific timeframe to the National Institutes of Health for public dissemination on their ClinicalTrials.gov website (21 C.F.R. 54).

Generally, for purposes of NDA/BLA approval, clinical trials in the United States are conducted in three sequential phases that may overlap or be combined.

Phase I . . . The investigational product is initially introduced into healthy human subjects or patients with the target disease or condition. These studies are designed to test the safety, dosage tolerance, absorption, metabolism and distribution of the investigational product in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence on effectiveness. For investigational products developed for oncology indications, the Phase I trials are normally conducted in patients with serious or life-threatening diseases without other treatment alternatives.

Phase II . . The investigational product is administered to a limited patient population with a specified disease or condition to evaluate the preliminary efficacy, optimal dosages and dosing schedule and to identify possible adverse side effects and safety risks. Multiple Phase II clinical trials may be conducted to obtain information prior to beginning larger and more expensive Phase III clinical trials. For certain indications in patients with serious or life-threatening diseases and with no available therapies, it may be possible to obtain NDA/BLA approval based on data from Phase II trials if a positive benefit risk profile is demonstrated.

Phase III . . The investigational product is administered to an expanded patient population to further evaluate dosage, to provide statistically significant evidence of clinical efficacy and to further test for safety, generally at multiple geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the investigational product and to provide an adequate basis for product approval.

In some cases, the FDA may require, or companies may voluntarily pursue, additional "Phase 4" clinical trials after a product is approved to gain more information about the product. These so-called Phase 4 studies may be made a condition to approval of the NDA/BLA. Concurrent with clinical trials, companies may complete additional animal studies and develop additional information about the biological characteristics of the product candidate, and must finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, must develop methods for testing the identity, strength, quality and purity of the final product, or for biologics, the safety, purity and potency. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

For certain types of applications, clinical and preclinical studies may be abbreviated. For instance, for abbreviated new drug applications ("**ANDA**"), which are applications for generic versions of approved drug products, FDA may approve a marketing application based upon the scientific demonstration that the product candidate is bioequivalent to, or performs in the same manner as, the innovator drug. The generic version must have the same active ingredients, dosage form, strength, route of administration, labeling, performance characteristics and intended use, and deliver the same amount of active ingredients to the site of the drug's action in the same amount of time as the innovator drug product. Under 505(b)(2) New Drug Applications, sponsors may rely, in part, on FDA prior findings of safety and effectiveness for a previously approved drug product or published literature, provided that the sponsor can adequately bridge to the previously approved drug product or literature.

Likewise, biosimilar products may be approved without having to go through as many expensive and lengthy clinical trials as their reference products. A reference product is the single biological product, already approved by FDA, against which a proposed biosimilar product is compared. A reference product is approved in a "standalone" application that must contain all data and information necessary to demonstrate its safety and effectiveness. Generally, the data and information necessary to demonstrate the safety and effectiveness of a reference product will include clinical trials for the disease indications being sought by the manufacturer. A biosimilar is highly similar to, and has no clinically meaningful differences in safety, purity, and potency (safety and effectiveness) from, an existing FDA-approved reference product. The goal of a biosimilar development program is to demonstrate biosimilarity between the proposed biosimilar product and the reference product, not to independently establish the safety and effectiveness of the proposed product. The manufacturer of a proposed biosimilar product generates an array of data comparing the proposed product to the FDA-approved reference product in order to demonstrate biosimilarity. The comparative

data are generated and evaluated in a stepwise fashion that begins with a foundation of detailed analytical (structural and functional) characterization and comparison of the products, moving on to animal studies if necessary and then to comparative clinical studies. Consequently, rather than generating the same full profile of nonclinical and clinical data as the reference product, a manufacturer that shows its proposed biosimilar product is highly similar to and has no clinically meaningful differences from the FDA-approved reference product may rely in part on FDA's previous determination of safety and effectiveness for the reference product for approval. This generally means that biosimilar manufacturers do not need to conduct as many expensive and lengthy clinical trials, potentially leading to faster access to these products, additional therapeutic options, and reduced costs for patients.

NDA/BLA Submission and Review

The NDA/BLA application requires the sponsor to submit the statistically analyzed data from all phases of development, along with the chemistry, manufacturing, and pre-clinical data, and the proposed labelling to the FDA with the payment of a substantial application user fee unless a waiver or exemption applies. FDA will carefully scrutinize the submitted information and data to determine whether the sponsor and any other companies, such as CROs and laboratories working on the sponsor's behalf, have complied with the applicable regulations, and to determine whether the product is safe and effective for its intended use. In addition, FDA typically will inspect the facility where the product is manufactured and may even inspect one or more clinical trial sites to assure compliance with GCPs. Furthermore, FDA may also inspect others involved in the product development process, such as pre-clinical trial sites and laboratories. Even after accepting the submission for review, FDA may require additional testing or information before approval of the application.

Upon the receipt of the original submission of NDA/BLA application, FDA conducts a preliminary review within 60 days and informs the sponsor by the 74th day after FDA's receipt to determine whether the application is sufficiently complete to permit substantive review. Once the submission is accepted for filing, the FDA begins an in-depth review of the NDA/BLA and the FDA has ten months from the filing date in which to complete its initial review of a standard NDA/BLA and respond to the applicant, and six months from the filing date for a "priority review" NDA/BLA.

After the FDA evaluates an NDA/BLA and conducts inspections of manufacturing facilities where the commercial product and/or its drug substance will be produced, the FDA may issue an approval letter or a Complete Response letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A Complete Response letter will describe all of the deficiencies that the FDA has identified in the NDA/BLA, except that where the FDA determines that the data supporting the application are inadequate to support approval, the FDA may issue the Complete Response letter without first conducting required inspections, testing submitted product lots, and/or reviewing proposed labeling. In issuing the Complete Response letter, the FDA may recommend actions that the applicant might take to place the NDA/BLA in condition for approval, including requests for additional information or clarification. The FDA may delay or

refuse approval of an NDA/BLA if applicable regulatory criteria are not satisfied, require additional testing or information and/or require post-marketing testing and surveillance to monitor safety or efficacy of a product.

If a product receives marketing approval from the FDA, the approval may be significantly limited to specific diseases, dosages, or patient populations or the indications for use may otherwise be limited. Further, the FDA may require that certain contraindications, warnings or precautions be included in the drug labeling or may condition the approval of the NDA/BLA on other changes to the proposed labeling, development of adequate controls and specifications, or a commitment to conduct post-market testing or clinical trials and surveillance to monitor the effects of approved drugs. For example, the FDA may require Phase IV testing which involves clinical trials designed to further assess a drug's safety and effectiveness and may require testing and surveillance programs to monitor the safety of approved drugs that have been commercialized. The FDA may also place other conditions on approvals including the requirement for a Risk Evaluation and Mitigation Strategy, or REMS, to ensure that the benefits of a drug or biological product outweigh its risks. If the FDA concludes a REMS is needed, the sponsor of the NDA/BLA must submit a proposed REMS. The FDA will not approve the NDA/BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of drugs. Drug approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

Fast Track Designation in the U.S.

The fast track program was introduced by the FDA Modernization Act of 1997 to facilitate the development and expedite review of drugs and biologics intended to treat serious or life-threatening conditions and that demonstrate the potential to address unmet medical needs. There are opportunities for frequent interactions with the review team for a fast track product. These include meetings with FDA, including pre-IND meetings, end-of-phase 1 meetings, and end-of-phase 2 meetings to discuss study design, extent of safety data required to support approval, dose-response concerns, and use of biomarkers. Other meetings may be scheduled as appropriate (e.g., to discuss accelerated approval, the structure and content of an NDA, and other critical issues). In addition, such a product could be eligible for priority review if supported by clinical data at the time of BLA, NDA, or efficacy supplement submission. If FDA determines, after preliminary evaluation of clinical data submitted by a sponsor, that a fast track product may be effective, FDA may consider reviewing portions of a marketing application before the sponsor submits the complete application.

Breakthrough Therapy Designation

A product intended alone or in combination with one or more other drugs or biologics to treat a serious or life-threatening disease or condition may be eligible for breakthrough therapy designation to expedite its development and review. A product can receive breakthrough therapy designation if preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. A sponsor may request that a product be designated as a breakthrough therapy concurrently with, or at any time after, the submission of an IND, and the FDA must determine if the candidate qualifies for such designation within 60 days of receipt of the request. If so designated, the FDA shall act to expedite the development and review of the product's marketing application by meeting with the sponsor throughout the product's development, providing timely advice to the sponsor to ensure that the development program to gather pre-clinical and clinical data is as efficient as practicable.

Accelerated Approval

Under FDA's accelerated approval regulations, the FDA may approve a product for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments and demonstrates an effect on either a surrogate end point that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality ("**IMM**"), that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the disease or condition and the availability or lack of alternative treatments. As a condition of accelerated approval, the FDA will generally require the sponsor to perform adequate and well-controlled post-marketing clinical studies to verify and describe the anticipated effect on IMM or other clinical benefit. In addition, the FDA currently requires as a condition for accelerated approval pre-approval of promotional materials, which could adversely impact the timing of the commercial launch of the product.

RMAT Designation

In 2017, FDA established a new regenerative medicine advanced therapy, or RMAT, designation as part of its implementation of the 21st Century Cures Act, which was signed into law in December 2016. The RMAT designation program is intended to fulfill the 21st Century Cures Act requirement that FDA facilitate an efficient development program for, and expedite review of, any drug that meets the following criteria:

(1) it qualifies as a RMAT, which is defined as a cell therapy, therapeutic tissue engineering product, human cell and tissue product, or any combination product using such therapies or products, with limited exceptions;

(2) it is intended to treat, modify, reverse, or cure a serious or life-threatening disease or condition; and

(3) preliminary clinical evidence indicates that the drug has the potential to address unmet medical needs for such a disease or condition.

Like fast track and breakthrough therapy designation, RMAT designation provides potential benefits that include more frequent meetings with the FDA to discuss the development plan for the product candidate and eligibility for rolling review and priority review.

Products granted RMAT designation may also be eligible for accelerated approval on the basis of a surrogate or intermediate endpoint reasonably likely to predict long-term clinical benefit, or reliance upon data obtained from a meaningful number of sites, including through expansion to additional sites. Once approved, when appropriate, the FDA can permit fulfillment of post-approval requirements under accelerated approval through the submission of clinical evidence, clinical studies, patient registries, or other sources of real-world evidence such as electronic health records; through the collection of larger confirmatory datasets; or through post-approval monitoring of all patients treated with the therapy prior to approval.

Orphan Drug Designation

Under the Orphan Drug Act, FDA may designate a drug or biologic product intended to treat a rare disease or condition (a disease or condition that affects fewer than 200,000 individuals in the United States, or more in cases in which there is no reasonable expectation that the cost of developing and making a drug or biologic product available in the United States for treatment of the disease or condition will be recovered from sales of the product). A company must request orphan product designation before submitting an NDA/BLA. After the FDA grants orphan drug designation, the generic identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. The orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review or approval process. However, the product will be entitled to orphan product exclusivity, meaning that FDA may not approve any other applications for the same product for the same indication for seven years, except in certain limited circumstances. Competitors may receive approval of different products for the indication for which the orphan product has exclusivity and may obtain approval for the same product but for a different indication. If a product designated as an orphan product ultimately receives marketing approval for an indication broader than what was designated in its orphan product application, it may not be entitled to exclusivity. Additionally, exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition.

Post-Approval Requirements

Following FDA approval of a product, a pharmaceutical company and the approved drug are subject to continuing regulation by the FDA, including, among other things, requirements relating to record keeping, reporting of adverse experiences, periodic reporting, product sampling and distribution, and advertising and promotion of the product. After approval, most

changes to the approved product, such as adding new indications or other labeling claims, are subject to the approval of the FDA and other regulators. There are also continuing user fee requirements, under which FDA assesses an annual program fee for each product identified in an approved NDA/BLA. Biologic manufacturers and their subcontractors are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP, which impose certain procedural and documentation requirements upon us and our third-party manufacturers. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting requirements upon us and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

FDA may exert enforcement actions that interrupt the operation of the ability to distribute products manufactured if any violative conditions was discovered, including failure to conform to cGMP. Discovery of problems with a product after approval may result in restrictions on a product, manufacturer, or holder of an approved NDA/BLA, including, among other things, recall or withdrawal of the product from the market. Discovery of previously unknown problems with a drug or the failure to comply with applicable FDA requirements can have negative consequences, including adverse publicity, judicial or administrative enforcement, warning letters from the FDA, mandated corrective advertising or communications with doctors, and civil or criminal penalties, among others. Newly discovered or developed safety or effectiveness data may require changes to a drug's approved labeling, including the addition of new warnings and contraindications, and also may require the implementation of other risk management measures. Also, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could delay or prevent regulatory approval of our drugs under development.

FDA also closely regulates the marketing, labeling, advertising and promotion of approved products. A company can make only those claims relating to safety and efficacy, purity and potency that are approved by the FDA and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties. Physicians may prescribe legally available products for uses that are not described in the product's labeling and that differ from those tested by us and approved by the FDA. Such off-label uses are common across medical specialties. Physicians may believe that such off-label uses are the best treatment for many patients in varied circumstances. The FDA does not regulate the behavior of physicians in their choice of treatments. The FDA does, however, restrict manufacturer's communications on the subject of off-label use of their products.

Evolving Nature of the Cell Therapy Regulatory Framework in U.S. and the Rest of the World

In addition, the clinical study requirements of the FDA, EMA, and other regulatory agencies and the criteria these regulators use to determine the safety and efficacy of a product candidate vary substantially according to the type, complexity, novelty and intended use and market of the potential products. The regulatory approval process for novel product candidates such as ours can be more expensive and take longer than other better known or more extensively studied pharmaceutical or other product candidates. Currently, a limited number of cell therapy products, including CAR-T therapies, have been approved by the FDA, the EMA and the European Commission. Given the few precedents of approved cell therapy products, it is difficult to determine how long it will take or how much it will cost to obtain regulatory approvals for our product candidates in the U.S., the EU or other jurisdictions. Approvals by the EMA and the European Commission may not be indicative of what the FDA may require for approval.

Regulatory requirements governing the development of cell therapy products have changed frequently and may continue to change in the future. The FDA has established the Office of Tissues and Advanced Therapies within the CBER, to consolidate the review of cell therapy and related products, and to advise the CBER on its review. The FDA can put an IND, on clinical hold if the information in an IND is not sufficient to assess the risks in pediatric patients. Before a clinical study can begin at any institution, that institution's IRB, and its Institutional Biosafety Committee will have to review the proposed clinical study to assess the safety of the study. Moreover, serious adverse events or developments in clinical trials of cell therapy product candidates conducted by others may cause the FDA or other regulatory bodies to initiate a clinical hold on our clinical trials or otherwise change the requirements for approval of any of our product candidates.

Other Healthcare Laws and Compliance Requirements

Pharmaceutical companies are subject to additional healthcare regulation and enforcement by the federal government and by authorities in the states and foreign jurisdictions in which they conduct their business. Such laws include, without limitation: the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, receiving, offering or paying remuneration, to induce, or in return for, either the referral of an individual, or the purchase or recommendation of an item or service for which payment may be made under any federal healthcare program; federal civil and criminal false claims laws, including the civil False Claims Act, and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment to the federal government, including federal healthcare programs, that are false or fraudulent; the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created additional federal criminal statutes which prohibit, among other things, executing a scheme to defraud any healthcare benefit program and making false statements relating to healthcare matters, and which, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, also imposes certain requirements on HIPAA covered entities and their business associates

relating to the privacy, security and transmission of individually identifiable health information; the U.S. federal Physician Payments Sunshine Act, which requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to annually report to the federal government, information related to payments or other transfers of value made to physicians, as defined by such law, and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members; and U.S. state and foreign law equivalents of each of the above federal laws, which, in some cases, differ from each other in significant ways, and may not have the same effect, thus complicating compliance efforts. If their operations are found to be in violation of any of such laws or any other governmental regulations that apply, they may be subject to significant penalties, including, without limitation, civil, criminal and administrative penalties, damages, fines, exclusion from government-funded healthcare programs, such as Medicare and Medicaid or similar programs in other countries or jurisdictions, integrity oversight and reporting obligations to resolve allegations of non-compliance, disgorgement, imprisonment, contractual damages, reputational harm, diminished profits and the curtailment or restructuring of our operations.

Coverage and Reimbursement

Successful sales of approved drug product in the United States will depend, in part, on the extent to which the products will be covered by third-party payors, such as federal, state, and foreign government healthcare programs, commercial insurance and managed healthcare organizations, and the level of reimbursement for such product by third-party payors. Decisions regarding the extent of coverage and amount of reimbursement to be provided are made on a plan-by-plan basis. As there is no uniform policy of coverage and reimbursement for drug products among third-party payors in the United States, coverage and reimbursement policies for drug products can differ significantly from payor to payor. There may be significant delays in obtaining coverage and reimbursement as the process of determining coverage and reimbursement is often time-consuming and costly which will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage or adequate reimbursement will be obtained.

It is difficult to predict at this time what government authorities and third-party payors will decide with respect to coverage and reimbursement for our drug products. For products administered under the supervision of a physician, obtaining coverage and adequate reimbursement may be particularly difficult because of the higher prices often associated with such drugs. In addition, the U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic drugs. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit our net revenue and results.

Healthcare Reform

Healthcare reform initiatives have resulted in significant changes to the coverage, reimbursement and delivery of healthcare, including drugs. Healthcare reform efforts are likely to continue and such efforts have included, and may include in the future, attempts to repeal or otherwise challenge prior healthcare reform. The spread of COVID-19 has resulted in widespread federal and state legislative and administrative action to impose new or revise existing healthcare regulation, sometimes on a temporary basis, to limit the spread of the disease, ensure access to necessary healthcare and address adverse financial impacts.

Other Healthcare Laws and Compliance Requirements

We are subject to additional healthcare regulation and enforcement by the federal government and by authorities in the states and foreign jurisdictions in which they conduct their business. Such laws include, without limitation, the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, receiving, offering or paying remuneration, to induce, or in return for, either the referral of an individual, or the purchase or recommendation of an item or service for which payment may be made under any federal healthcare program; federal civil and criminal false claims laws, including the civil False Claims Act, and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment to the federal government, including federal healthcare programs, that are false or fraudulent; the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created additional federal criminal statutes which prohibit, among other things, executing a scheme to defraud any healthcare benefit program and making false statements relating to healthcare matters, and which, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, also imposes certain requirements on HIPAA covered entities and their business associates relating to the privacy, security and transmission of individually identifiable health information; the U.S. federal Physician Payments Sunshine Act, which requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to annually report to the federal government, information related to payments or other transfers of value made to physicians, as defined by such law, and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members; and U.S. state and foreign law equivalents of each of the above federal laws, which, in some cases, differ from each other in significant ways, and may not have the same effect, thus complicating compliance efforts. If their operations are found to be in violation of any of such laws or any other governmental regulations that apply, they may be subject to significant penalties, including, without limitation, civil, criminal and administrative penalties, damages, fines, exclusion from government-funded healthcare programs, such as Medicare and Medicaid or similar programs in other countries or jurisdictions, integrity oversight and reporting obligations to resolve allegations of non-compliance, disgorgement, imprisonment, contractual damages, reputational harm, diminished profits and the curtailment or restructuring of our operations.

Framework for the Regulation of Cell Therapy Products in EU, Canada and Japan

EU

EMA is responsible for the scientific evaluation of marketing authorization applications for all advanced therapy medicinal products (ATMPs) in the European Economic Area, as they fall under the mandatory scope of the centralized procedure. ATMPs cover somatic cell therapy medicinal products, cell therapy medicinal products, and tissue engineered products. All ATMPs are authorized centrally via the EMA under Regulation (EC) No 1394/2007. They benefit from a single evaluation and authorization procedure. In October 2017, the European Commission and EMA published a joint action plan on ATMPs, which aims to streamline procedures and better address the specific requirements of ATMP developers.

Canada

In Canada, drug application is reviewed by scientists in the Health Products and Food Branch (HPFB) of Health Canada, which is the national authority that regulates, evaluates and monitors the safety, efficacy, and quality of therapeutic and diagnostic products. Prior to the commencement of a clinical trial in Canada, HPFB reviews the information submitted in the clinical trial application. This application requests permission to distribute the drug to responsible clinical investigators that are named in the application. The information contained in a clinical trial application includes the results from preclinical tests, production methods, dosage form and information regarding the investigators who will conduct the study, etc. If clinical trial studies prove that the drug has potential therapeutic value that outweighs the risks associated with its use (e.g. adverse effects, toxicity), the sponsor may choose to file a New Drug Submission with HPFB. In addition if the product is biologic (as listed in Schedule D of the Food and Drugs Act, a "Schedule D drug"), the Biologic and Radiopharmaceutical Drugs Directorate (BRDD) reviews and provides market authorization of all drug submissions for biologic drugs for human use.

Japan

In Japan, cell therapy products are regulated by two regulatory authorities as regenerative medicine. Pharmaceuticals and Medical Devices Agency (PMDA) conducts scientific review for regenerative medicines, and Ministry of Health, Labour and Welfare (MHLW) takes charge of final authorization of applications and supervises PMDA activities.

Expedited Development and Review Programs in EU, Canada and Japan

EU

PRIME is a scheme launched by EMA to support the development of medicines that target an unmet medical need. Any sponsor engaged in the exploratory clinical trial phase of development can submit a request to enter the PRIME scheme. Through PRIME, EMA offers early and proactive support to medicine developers to optimize the generation of robust data on a medicine's benefits and risks and enable accelerated assessment of medicines applications.

This will help patients to benefit as early as possible from therapies that may significantly improve their quality of life. To be accepted for PRIME, a medicine has to show its potential to offer a major therapeutic advantage over existing treatments, or benefit patients without treatment options.

Canada

The on-site evaluation (OSE) is unique to biologics in Canada. An OSE is a product-specific assessment that the BRDD may conduct at the manufacturing site of a Schedule D drug. An OSE supports the review of the quality (chemistry and manufacturing) component of a drug submission. It also confirms the overall ability of the manufacturer to consistently produce a safe biologic drug. Meanwhile, the Priority Review policy in Canada applies to a New Drug Submission or Supplemental New Drug Submission for a serious, life-threatening or severely debilitating disease or condition for which there is substantial evidence of clinical effectiveness that the drug provides. Priority Review status allows for the insertion of eligible drug submissions into Health Canada's submission workload on the basis of a shortened review target of 180 calendar days. As such, qualifying submissions may undergo review in advance of non-eligible submissions in accordance with approaching target dates.

Japan

In 2015, MHLW implemented the "Strategy of SAKIGAKE" following FDA's breakthrough therapy designation. The Strategy of SAKIGAKE consists of two measurements and covers from basic research to clinical research/trials, approval reviews, safety measures, insurance coverage, improvement of infrastructure and the environment for corporate activities, and global expansion. The two measurements are SAKIGAKE Designation System and Scheme for Rapid Authorization of Unapproved Drugs. SAKIGAKE Designation System is intended to promote R&D in Japan aiming at early practical application for innovative pharmaceutical products, medical devices, and regenerative medicines. Scheme for Rapid Authorization of Unapproved Drugs is intended to accelerate the practical application of unapproved/off-label use of drugs for serious and life-threatening diseases by expanding the scope of the Council on Unapproved Drugs/Off-label Use to include unapproved drugs in western countries if it satisfies certain conditions and by improving the environment for companies to undertake development of such drugs.

OVERVIEW

We are a biopharmaceutical company with operations in China and the U.S. focused on innovative CAR-T cell therapies for the treatment of hematological malignancies and solid tumors. We have internally developed novel technologies and a product pipeline with global rights to address major challenges of CAR-T cell therapies, such as improving the safety profile, enhancing the efficacy in treating solid tumors and reducing treatment costs. Our vision is to become a global biopharmaceutical leader that brings innovative and differentiated cell therapies to cancer patients worldwide and makes cancer curable.

Our Group was founded by Dr. Li, the Chairman of the Board, executive Director, CEO and Chief Scientific Officer, and Dr. Wang, executive Director and COO. For the biography and industry experience of Dr. Li and Dr. Wang, please refer to the section headed "Directors and Senior Management" in this Prospectus.

Our Group was established in October 2014. In preparation for the Listing, we conducted the Reorganization, details of which are set out in the sub-section headed "Reorganization" in this section.

OUR BUSINESS MILESTONES

The following sets forth certain key business development milestones of our Group:

Year	Event
2014	CARsgen Therapeutics was established in the PRC.
	CARsgen Therapeutics completed Series A financing.
2015	CARsgen Therapeutics launched the first CAR-T clinical trial for HCC in the world.
2016	CARsgen Therapeutics completed Series B financing and raised a total of approximately US$30 million.
	CARsgen Therapeutics Corporation, our wholly-owned subsidiary, was incorporated in the U.S.

Year	Event
2017	The world's first CLDN18.2 CAR-T clinical trial for gastric/pancreatic cancer was launched. CARsgen Therapeutics opened CAR T cell manufacturing facility in Xuhui, Shanghai, PRC, and the cell manufacturing facility commenced operations. Various products being developed by our Group received support by the Special Project for Significant New Drug Research and Development in the Major National Science and Technology Projects (國家科技重大專項重大新藥創制專項) under the 13th "Five-year Plan" (十三五規劃). Our Group attended international conferences, such as the American Society of Clinical Oncology 2017 annual meeting and the Biotechnology Innovation Organization 2017 annual meeting, and presented Phase I results of our humanized GPC3 CAR-T (CT011) HCC trial.
2018	Our Company was established in the Cayman Islands. Our Group completed Series Pre-C financing and raised a total of approximately US$60 million. Our Group commenced preparation and construction of a CAR-T commercial manufacturing centre in Jinshan, Shanghai with a total GFA of approximately 7,600 sq.m. Our Group presented clinical data of the CT041 trial for the treatment of gastric/pancreatic cancer at the CAR-TCR Summit in Boston, the U.S.

Year	Event
2019	Our Group received IND clearance for CT011, fully human BCMA CAR-T (CT053) and anti-CLDN18.2 mAb (AB011) from the NMPA and IND clearance for CT053 from the FDA and Health Canada. FDA granted RMAT Designation for R/R multiple myeloma to CT053. Our Group received FDA Orphan Drug Designation and EMA Orphan Medicinal Product Designation for CT053 for the treatment of multiple Myeloma. European Medicines Agency granted PRIME Eligibility to CT053. Our Group completed the construction of China's first CAR-T commercial manufacturing facility in Jinshan, Shanghai.
2020	Our Group completed Series C financing and raised a total of approximately US$186 million. Our Group received IND clearance for CT041 from the FDA and the NMPA. CT053 passed the public review period required by the CDE of the NMPA and received the Breakthrough Therapy designation. Our Group received FDA Orphan Drug Designation for CT041 for the treatment of gastric/gastroesophageal junction cancer. Our Group initiated the pivotal Phase II trial of CT053 in China.
2021	Our Group completed Series C+ financing. Our Group received EMA Orphan Medicinal Product Designation for CT041 for gastric cancer.

OUR MAJOR SUBSIDIARIES AND OPERATING ENTITIES

The principal business activities and the dates of incorporation of the members of our Group which are most relevant to our core operations during the Track Record Period are shown below.

Name of major subsidiary or operating entity	Place of incorporation	Date of incorporation	Principal business activities
CARsgen Life Sciences	PRC	March 22, 2018	R&D of antibody therapeutics
CARsgen Therapeutics	PRC	October 30, 2014	R&D of CAR-T
CARsgen Pharmaceuticals	PRC	November 15, 2017	Commercialization of immunotherapy products
CARsgen Therapeutics Corporation	U.S.	May 4, 2016	R&D of CAR-T

ESTABLISHMENT AND DEVELOPMENT OF OUR GROUP

1. Establishment and Series A Financing of CARsgen Therapeutics

On August 14, 2014, YIJIE Biotech (Shanghai) which was then owned by our co-founders, namely Dr. Li as to 90% and Dr. Wang as to 10%, entered into a joint venture agreement (中外合資經營企業合同) with China Medmaterial, our Series A investor, pursuant to which the parties agreed to establish CARsgen Therapeutics, our principal operating entity

in the PRC and the holding company of our operations prior to the Reorganization. On October 30, 2014, CARsgen Therapeutics was established as a Sino-foreign equity joint venture company (中外合資經營企業) in the PRC with an initial registered capital of RMB50 million which was held in the following manner.

Name of Shareholder	Amount of Registered Capital Subscribed	Percentage Ownership
	(RMB)	
YIJIE Biotech (Shanghai)[(1)]	40,000,000	80%
China Medmaterial[(2)]	10,000,000	20%
Total	50,000,000	100%

Notes:

(1) YIJIE Biotech (Shanghai) is a limited liability company incorporated in the PRC and, as at the date of the establishment of CARsgen Therapeutics, was owned as 89% by Dr. Li, 10% by Dr, Wang and 1% by Mr. Song Bo (宋波) ("**Mr. Song**").

On September 24, 2015, Mr. Guo Bingsen and Mr. Guo Huaqing, our non-executive Directors, each subscribed for 10% of the enlarged registered capital of YIJIE Biotech (Shanghai) such that immediately following the subscription of registered capital, YIJIE Biotech (Shanghai) was owned as to 69% by Dr. Li, 10% by Mr. Guo Bingsen, 10% by Dr. Wang, 10% by Mr. Guo Huaqing and 1% by Mr. Song.

On February 27, 2016, Shanghai Yiji Investment Management Enterprise (Limited Partnership) (上海翊集企業管理合夥企業(有限合夥)) ("**Shanghai Yiji**"), a limited partnership established in the PRC to hold relevant indirect equity interests in CARsgen Therapeutics to satisfy grant of awards under the employee share option plan of CARsgen Therapeutics, subscribed for 5% of the enlarged registered capital of YIJIE Biotech (Shanghai) such that immediately following the subscription of registered capital, YIJIE Biotech (Shanghai) was owned as to 65.55% by Dr. Li, 9.5% by Mr. Guo Bingsen, 9.5% by Dr. Wang, 9.5% by Mr. Guo Huaqing, 5% by Shanghai Yiji and 0.95% by Mr. Song.

On July 12, 2017, Mr. Song transferred his entire 0.95% shareholding in YIJIE Biotech (Shanghai) to Mr. Chen, our Executive Vice President, as to 0.76% and Mr. Guo Bingsen as to 0.19% such that immediately following the transfer of shareholding, YIJIE Biotech (Shanghai) was owned as to 65.55% by Dr. Li, 9.69% by Mr. Guo Bingsen, 9.5% by Dr. Wang, 9.5% by Mr. Guo Huaqing, 5% by Shanghai Yiji and 0.76% by Mr. Chen.

On January 19, 2021, Shanghai Yiji transferred its entire 5% shareholding in YIJIE Biotech (Shanghai) to the remaining shareholders: 3.45% to Dr. Li, 0.51% to Mr. Guo Bingsen, 0.5% to Dr. Wang, 0.5% to Mr. Guo Huaqing and 0.04% to Mr. Chen. Immediately following the transfer of shareholding, YIJIE Biotech (Shanghai) was owned as to 69% by Dr. Li, 10.2% by Mr. Guo Bingsen, 10% by Dr. Wang, 10% by Mr. Guo Huaqing and 0.8% by Mr. Chen.

(2) China Medmaterial is a limited company incorporated in Hong Kong. For further information regarding China Medmaterial, please refer to section headed "Pre-IPO Investments — 9. Information About the Pre-IPO Investors."

2. Subscription of Registered Capital of CARsgen Therapeutics by Shanghai Keji Investment Management Enterprise (Limited Partnership) (上海科集投資管理合夥企業(有限合夥))

Shanghai Keji Investment Management Enterprise (Limited Partnership) (上海科集投資管理合夥企業(有限合夥)) ("**Shanghai Keji**") was established in the PRC on October 21, 2015 to hold relevant shares of CARsgen Therapeutics to satisfy grant of awards under the then existing employee share option plan of CARsgen Therapeutics. On April 6, 2016, Shanghai Keji subscribed for registered capital of RMB5,555,556 of CARsgen Therapeutics, representing 10% of equity interest in the enlarged registered capital of CARsgen Therapeutics. Following the capital injection, the registered capital of CARsgen Therapeutics increased from RMB50,000,000 to RMB55,555,556 which was held in the following manner.

Name of Shareholder	Amount of Registered Capital Subscribed	Percentage Ownership
	(RMB)	
YIJIE Biotech (Shanghai)	40,000,000	72%
China Medmaterial	10,000,000	18%
Shanghai Keji[(1)]	5,555,556	10%
Total	55,555,556	100%

Notes:

(1) Shanghai Keji is owned as to 90% by Dr. Li and 10% by Dr. Wang.

3. Series B Financing of CARsgen Therapeutics

On January 25, 2016, CARsgen Therapeutics entered into a capital increase agreement (增資協議) with YIJIE Biotech (Shanghai), China Medmaterial, Shanghai Keji and our Series B investors (the "**Series B Investors**"), namely Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd (浙江佐力創新醫療投資管理有限公司), KTB China Platform Fund, KTBN Venture Fund No. 7, Hefei Kaitai Growth Investment Partnership (Limited Partnership)

(合肥凱泰成長投資合夥企業(有限合夥)) and Shanghai Jiazhen Investment Center (Limited Partnership) (上海嘉稹投資中心(有限合夥)), pursuant to which the Series B Investors agreed to subscribe for registered capital of CARsgen Therapeutics in an aggregate amount of RMB11,737,089 at an aggregate consideration of RMB198,000,000 in the manner as follows:

Name of Series B Investor	Amount of Registered Capital Subscribed	Consideration
	(RMB)	*(RMB)*
Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd.	5,281,690	89,100,000
KTB China Platform Fund	2,455,905	41,430,136
Hefei Kaitai Growth Investment Partnership (Limited Partnership)	1,956,182	33,000,000
KTBN Venture Fund No. 7	1,456,458	24,569,864
Shanghai Jiazhen Investment Center (Limited Partnership)	586,854	9,900,000
Total	11,737,089	198,000,000

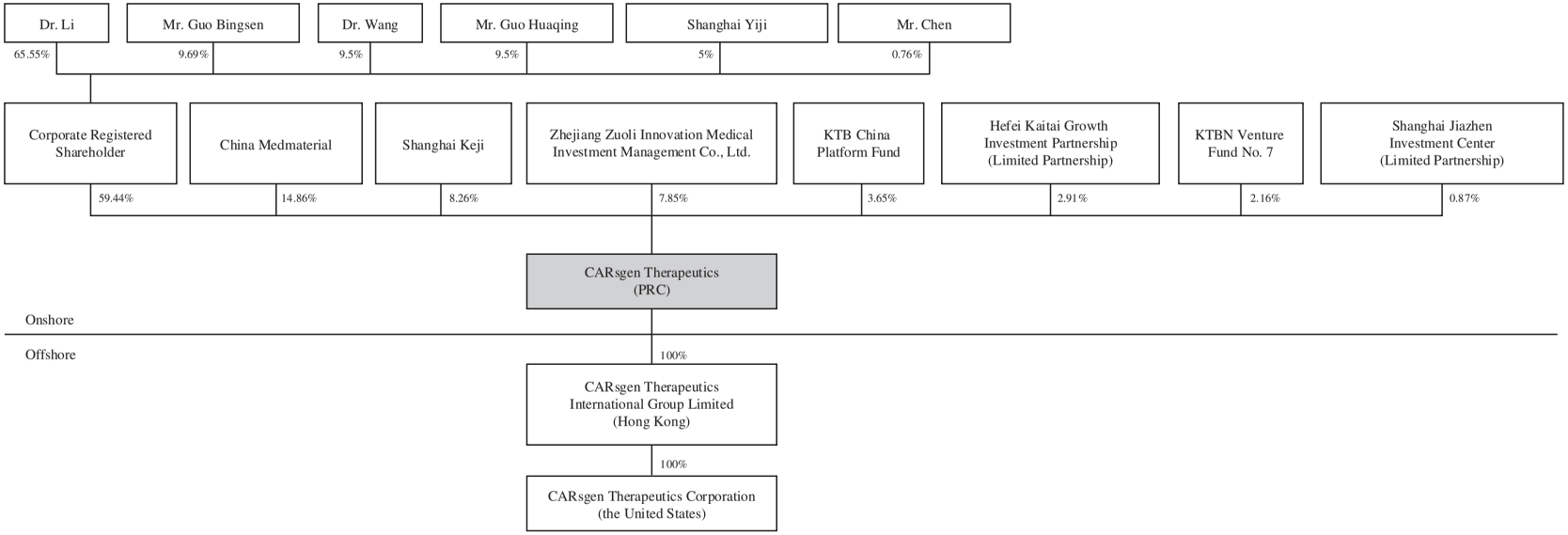
For the information of the Series B Investors, please refer to "— Pre-IPO Investments — 9. Information about the Pre-IPO Investors".

Immediately following the Series B financing, the registered capital of CARsgen Therapeutics increased from RMB55,555,556 to RMB67,292,645 which was held in the following manner:

Name of Shareholder	Amount of Registered Capital Subscribed	Percentage Ownership
	(RMB)	
YIJIE Biotech (Shanghai)	40,000,000	59.44%
China Medmaterial	10,000,000	14.86%
Shanghai Keji	5,555,556	8.26%
Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd.	5,281,690	7.85%
KTB China Platform Fund	2,455,905	3.65%
Hefei Kaitai Growth Investment Partnership (Limited Partnership)	1,956,182	2.91%
KTBN Venture Fund No. 7	1,456,458	2.16%
Shanghai Jiazhen Investment Center (Limited Partnership)	586,854	0.87%
Total	67,292,645	100.00%

REORGANIZATION

The following chart sets forth our Group's corporate and shareholding structure following completion of the Series A and Series B financing of CARsgen Therapeutics and immediately prior to the commencement of the Reorganization.



In preparation for the Listing, we underwent the following Reorganization steps:

1. Incorporation and Changes in Shareholding of YIJIE Biotech (BVI)

For the purpose of reflecting Dr. Li, Mr. Guo Bingsun, Dr. Wang Mr. Guo Huaqing and Mr. Chen's Shareholding in CARsgen Therapeutics prior to the reorganization, the aforementioned parties set up BVI entities to hold shares in YIJIE Biotech (BVI).

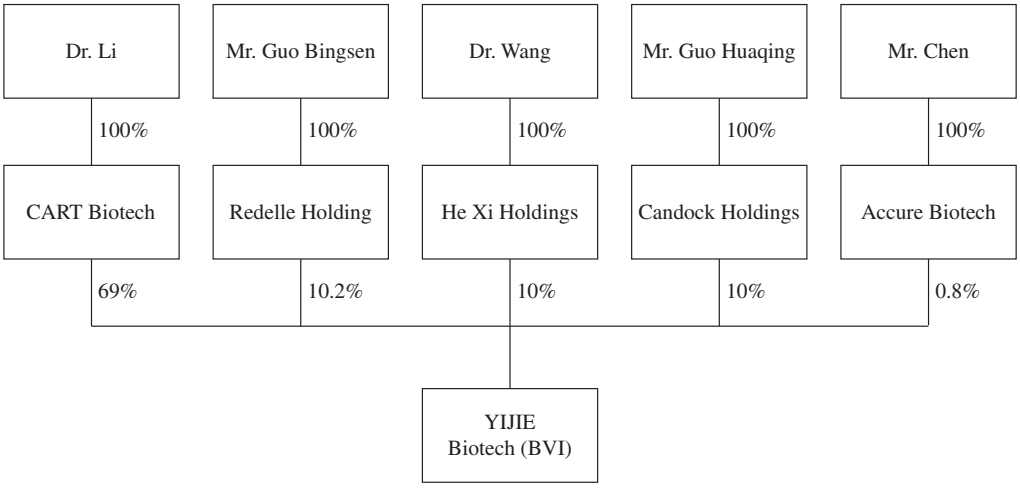
On July 17, 2017, CART Biotech, Redelle Holding, He Xi Holdings and Candock Holdings were each incorporated in the BVI as a limited liability company with Dr. Li, Mr. Guo Bingsen, Dr. Wang and Mr. Guo Huaqing as the sole shareholder respectively.

On July 20, 2017, YIJIE Biotech (BVI) was incorporated in BVI as a limited liability company. Upon incorporation, YIJIE Biotech (BVI) was owned as to 71.31% by CART Biotech, 9.69% by Redelle Holding, 9.5% by He Xi Holdings and 9.5% by Candock Holdings.

On March 26, 2018, Accure Biotech was incorporated in the BVI as a limited liability company with Mr. Chen as the sole shareholder.

On December 3, 2019, CART Biotech transferred 0.76% of its equity interest in YIJIE Biotech (BVI) to Accure Biotech, such that the shareholding percentage of Accure Biotech in YIJIE Biotech (BVI) reflects the shareholding percentage of Mr. Chen in YIJIE Biotech (Shanghai) prior to the Reorganization.

On February 9, 2021, CART Biotech surrendered 500 shares of YIJIE Biotech (BVI) to YIJIE Biotech (BVI). Upon completion of the share transfer, the shareholding structure of YIJIE Biotech (BVI) was as follows.



2. Incorporation of Our Company

On February 9, 2018, our Company was incorporated in the Cayman Islands as a company with limited liability and the ultimate holding company of our Group, as part of the Reorganization. Upon incorporation, the authorized share capital of our Company was US$50,000 divided into 50,000,000,000 shares with par value of US$0.000001 each.

On the date of incorporation, one Share was issued to Vistra (Cayman) Limited, which was transferred to YIJIE Biotech BVI on the same day.

3. Incorporation of CARsgen Pharma Holdings Limited

On February 21, 2018, CARsgen Pharma Holdings Limited was incorporated in Hong Kong as a limited liability company and as an intermediate holding company of our Group with our Company as the sole shareholder.

4. Incorporation of CARsgen Life Sciences

On March 22, 2018, CARsgen Life Sciences was established in PRC as a limited liability company with CARsgen Pharma Holdings Limited as the sole shareholder.

5. Contractual Arrangements in respect of CARsgen Therapeutics

On April 18, 2018, CARsgen Life Sciences, a wholly-owned subsidiary of our Company, entered into various agreements (later amended and restated on February 2, 2021) that constituted the Contractual Arrangements with, among others, CARsgen Therapeutics and the Corporate Registered Shareholder, pursuant to which CARsgen Life Sciences would exercise effective control over the operations of, and enjoy substantially all the economic benefits of CARsgen Therapeutics, which in turn holds certain of our Group's licenses and permits necessary to operate our businesses. Please refer to "Contractual Arrangements" and "Connected Transactions" in this Prospectus for details of the Contractual Arrangements.

6. Acquisition of Equity Interest in our Company by the Existing Shareholders of CARsgen Therapeutics and Series Pre-C Financing

On August 31, 2018, our Company entered into a share purchase agreement (the "**Series Pre-C Share Subscription Agreement**") with, among others, CARsgen Pharma Holdings Limited, CARsgen Life Sciences, CARsgen Therapeutics, YIJIE Biotech (BVI), China Medmaterial, the Series B Investors of CARsgen Therapeutics and the Series Pre-C Preferred Shareholders, in order to (i) reflect the then shareholding structure of CARsgen Therapeutics in our Company, and (ii) achieve the Series Pre-C financing.

Pursuant to the Series Pre-C Share Subscription Agreement, our Company agreed to:

(i) allot and issue 47,058,139 ordinary Shares to YIJIE Biotech (BVI);

(ii) allot and issue 12,383,721 Series A Preferred Shares to China Medmaterial;

(iii) allot and issue Series B Preferred Shares to the Series B Preferred Shareholders, the number of shares and corresponding consideration as set forth in the table below; and

(iv) allot and issue Series Pre-C Preferred Shares to the Series Pre-C Shareholders, the number of shares and corresponding consideration as set forth in the table below:

Name of Shareholder	Type of shares	Number of shares	Consideration	Percentage Shareholding in CARsgen Therapeutics
			(US$)	*(%)*
YIJIE Biotech (BVI)	Ordinary	47,058,139	47.06	51.92
China Medmaterial	Series A Preferred Shares	12,383,721	1,630,124.71	13.66
Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd.[(1)]	Series B Preferred Shares	6,540,697	13,500,000.00	7.22
KTB China Platform Fund	Series B Preferred Shares	3,041,324	6,277,293.33	3.36
KTBN Venture Fund No. 7	Series B Preferred Shares	1,803,637	3,722,706.67	1.99

Name of Shareholder	Type of shares	Number of shares	Consideration	Percentage Shareholding in CARsgen Therapeutics
			(US$)	*(%)*
Hefei Kaitai Growth Investment Partnership (Limited Partnership)[(1)]	Series B Preferred Shares	2,422,481	5,000,000.00	2.67
Shanghai Jiazhen Investment Center (Limited Partnership)[(1)]	Series B Preferred Shares	726,744	1,500,000.00	0.80
Shenzhen Guangliang Qixin Investment Management Enterprise (Limited Partnership)[(2)]	Series Pre-C Preferred Shares	2,569,444	9,250,000	2.83
Shenzhen Guangliang Xingchen Venture Capital Enterprise[(2)] (Limited Partnership)	Series Pre-C Preferred Shares	625,000	2,250,000	0.69
Photon Venture Capital LP	Series Pre-C Preferred Shares	972,222	3,500,000	1.07
Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd.[(2)]	Series Pre-C Preferred Shares	555,556	2,000,000	0.61
Yeed Holdings[(2)] . . .	Series Pre-C Preferred Shares	2,222,222	8,000,000	2.45

Name of Shareholder	Type of shares	Number of shares	Consideration	Percentage Shareholding in CARsgen Therapeutics
			(US$)	*(%)*
TASLY PHARMACEUTICAL GROUP CO., LTD.[(2)]	Series Pre-C Preferred Shares	2,777,778	10,000,000	3.06
INNO WEALTH HOLDINGS GROUP LIMITED	Series Pre-C Preferred Shares	2,777,778	10,000,000	3.06
KTB China Synergy Fund	Series Pre-C Preferred Shares	1,388,889	5,000,000	1.53
Hangzhou Kaitai Minde Investment Partnership (Limited Partnership)[(2)]	Series Pre-C Preferred Shares	1,388,889	5,000,000	1.53
Quanzhou Dingwo (LP)[(2)]	Series Pre-C Preferred Shares	1,388,889	5,000,000	1.53
Total	–	90,643,410	91,630,171.77	100.00

Notes:

1. Given such Series B Investors had not yet obtained outbound direct investments (ODI) approval for the subscription of their respective Series B Preferred Shares, on September 14, 2018, our Company entered into a Series B warrant agreement (collectively the "**Series B Warrant Agreements**") with each of such Series B Investors, pursuant to each of them agreed to pay the consideration for the relevant Series B Preferred Shares (as set out above) in the form of a loan in exchange for warrants convertible to the corresponding Series B Preferred Shares.

   On May 31, June 5 and June 18, 2019, upon obtaining the relevant ODI approvals, our Company issued and allotted all the corresponding Series B Preferred Shares to the relevant Series B Investors pursuant to the Series B Warrant Agreements.

2. Given such Series Pre-C Preferred Shareholders had not yet obtained outbound direct investments (ODI) approval for the subscription of their respective Series Pre-C Preferred Shares, on September 14, 2018, our Company entered into a Series Pre-C warrant agreement (collectively the "**Series Pre-C Warrant Agreements**", and together with the Series B Warrant Agreements, the "**Warrant Agreements**") with each of such Series Pre-C Preferred Shareholders, pursuant to which each of them paid the consideration for the relevant Series Pre-C Preferred Shares (as set out above) in the form of a loan in exchange for warrants convertible to the corresponding Series Pre-C Preferred Shares.

   Pursuant to the Series Pre-C Share Subscription Agreement, Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd. initially subscribed for 2,777,778 Series Pre-C Preferred Shares, at the consideration of USD equivalent of RMB65 million (i.e. US$10 million). On November 27, 2018, Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd. entered into a supplemental Series Pre-C warrant agreement (the "**Supplemental Agreement**") with CARsgen Therapeutics and Mr. Guo Bingsen. According to the Supplemental Agreement, Mr. Guo Bingsen, through Yeed Holdings, a Company wholly-owned by Ms. Yang Xuehong, the wife of Mr. Guo Bingsen, would subscribe for part of the warrants convertible to 2,222,222 Series Pre-C Preferred Shares corresponding to the amount of the USD equivalent of RMB52 million (i.e. US$8 million) held by Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd., and Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd. would subscribe for the remaining warrants convertible to 555,556 Series Pre-C Preferred Shares corresponding to the amount of the USD equivalent of RMB13 million (i.e. US$2 million).

   On February 18, 2020, upon obtaining the relevant ODI approvals, our Company issued and allotted all the corresponding Series Pre-C Preferred Shares to the relevant Series Pre-C Preferred Shareholders pursuant to the Series Pre-C Warrant Agreements.

7. Decrease in Registered Share Capital of CARsgen Therapeutics and Exit of Series A Investor and Series B Investors from CARsgen Therapeutics

On March 21, 2019, as part of the Reorganization, CARsgen Therapeutics repurchased the registered capital contributed by China Medmaterial and the Series B Investors and reduced the registered share capital from RMB67,292,645 to RMB40,000,000 accordingly. Upon completion of such share repurchase, YIJIE Biotech (Shanghai) became the sole shareholder of CARsgen Therapeutics.

8. Allotment of Shares to YIJIE Biotech (BVI) and Share Subdivision

On September 18, 2020, as part of the Reorganization, our Company allotted and issued 2,476,745 Shares to YIJIE Biotech (BVI), such that the shareholding percentage of YIJIE Biotech (BVI) in our Company reflects the shareholding percentage of YIJIE Biotech (Shanghai) in CARsgen Therapeutics prior to the Reorganization, after taking into account the effect of the Series Pre-C Financing.

On the same day, every issued Share of par value US$0.000001 each was subdivided into 4 Shares of par value US$0.00000025 each, such that immediately following the Share Subdivision, the authorized share capital of our Company became US$50,000 divided into 200,000,000,000 Shares of par value US$0.00000025 each. The shareholding structure of our Company remains unchanged.

9. Reorganization of Offshore Subsidiaries of Our Company

On September 11, 2018, as part of the Reorganization and in order to expand our Company's business in the United States, Europe and in the Asia Pacific Region, Cleanings Biotech Limited, Excelsoiry Biotech Limited and Panzenith Biotech Limited were incorporated in the BVI as limited liability companies with our Company as the sole shareholder.

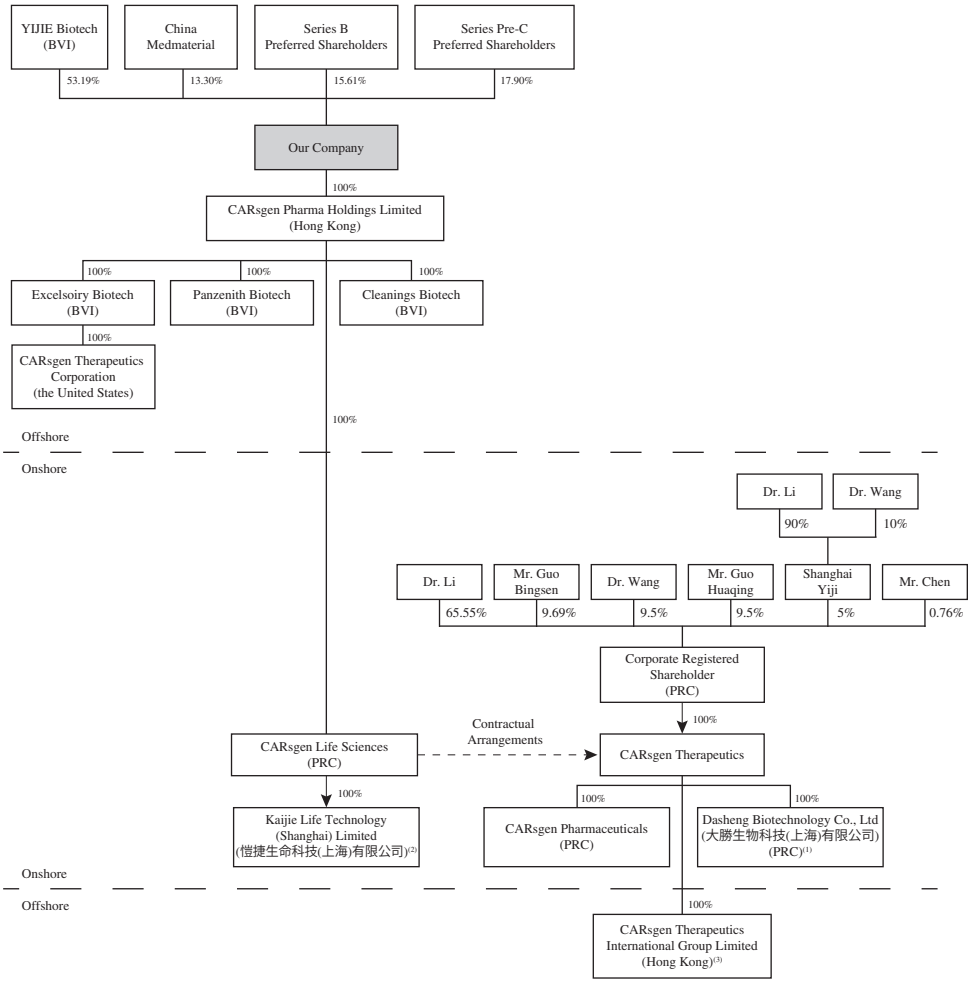
On December 3, 2019, as part of the Reorganization, our Company and CARsgen Pharma Holdings Limited entered into a share transfer agreement with Cleanings Biotech Limited, Excelsoiry Biotech Limited and Panzenith Biotech Limited respectively (collectively, the "**Overseas Subsidiaries**"), pursuant to which our Company transferred 100% equity interest in each of the Overseas Subsidiaries for the consideration of USD$1. Following the completion of the share transfer, CARsgen Pharma Holdings Limited became the sole shareholder of each of the Overseas Subsidiaries.

On December 6, 2019, as part of the Reorganization, CARsgen Therapeutics International Group Limited entered into a share transfer agreement with Excelsoiry Biotech Limited pursuant to which CARsgen Therapeutics International Group Limited transferred all of its shareholdings in CARsgen Therapeutics Corporation to Excelsoiry Biotech Limited at the consideration of USD$3,295,487.24.

On December 19, 2019, as part of the Reorganization, CARsgen Therapeutics Corporation, the wholly-owned subsidiary of Excelsoiry Biotech Limited, entered into a debt conversion agreement with Excelsoiry Biotech Limited, pursuant to which Excelsoiry Biotech Limited converted its loan in the amount of US$9,510,787.92 to CARsgen Therapeutics Corporation into shares of CARsgen Therapeutics Corporation.

OUR STRUCTURE IMMEDIATELY FOLLOWING THE REORGANIZATION

The following chart sets forth our Group's corporate and shareholding structure immediately following the completion of reorganization:



Notes:

(1) Dasheng Biotech Co., Ltd. (大勝生物科技(上海)有限公司) has been deregistered on January 21, 2021.

(2) Kaijie Life Technology (Shanghai) Limited (愷捷生命科技(上海)有限公司) has been deregistered on January 21, 2021.

(3) CARsgen Therapeutics International Group Limited is not engaged in any business operation. On April 1, 2021, CARsgen Therapeutics transferred its entire shareholding in CARsgen Therapeutics International Group Limited to CARsgen Pharma Holdings Limited. CARsgen Therapeutics International Group Limited is currently an indirectly wholly-owned subsidiary of our Company through CARsgen Pharma Holdings Limited as a result of the share transfer.

ISSUE OF SHARES TO 2019 EQUITY INCENTIVE PLAN TRUSTEE

On May 11, 2021, our Company allotted and issued 12,497,947 Shares to Carfa Unity Limited and 7,125,575 Shares to Carfe Unity Limited, both of which are wholly-owned by the 2019 Equity Incentive Plan Trustee. Such Shares are to be held on trust by the 2019 Equity Incentive Plan Trustee to facilitate the transfer of Shares to the grantees upon vesting of the relevant Share Options and Share Awards under the 2019 Equity Incentive Plan. For details of the 2019 Equity Incentive Plan, please refer to the section headed "Appendix V — Statutory and General Information — D. 2019 Equity Incentive Plan" in this Prospectus.

PRE-IPO INVESTMENTS

1. Series A Financing in CARsgen Therapeutics

For details of the Series A financing in CARsgen Therapeutics, please refer to the sub-section headed "Establishment and Development of our Group — 1. Establishment and Series A Financing of CARsgen Therapeutics" in this section.

2. Series B Financing in CARsgen Therapeutics

For details of the Series B financing in in CARsgen Therapeutics, please refer to the sub-section headed "Establishment and Development of our Group — 2. Series B Financing of CARsgen Therapeutics" in this section.

3. Series Pre-C Financing

For details of the Series Pre-C financing in our Company, please refer to the sub-section headed "Reorganization — 6. Acquisition of Equity Interest in our Company by the Existing Shareholders of CARsgen Therapeutics and Series Pre-C Financing" in this section.

4. Series C Financing

On September 15, 2020, our Company entered into the Series C-1 Preferred Share Purchase Agreement with, among others, the Series C-1 Preferred Shareholders, pursuant to which the Series C-1 Preferred Shareholders agreed to subscribe for an aggregate of 31,111,110 Series C-1 Preferred Shares issued by our Company at a subscription price of US$2.25 per Series C-1 Preferred Share for an aggregate consideration of US$70,000,000, which was fully settled on September 21, 2020.

On October 23, 2020, our Company entered into the Series C-2 Preferred Share Purchase Agreement with, among others, the Series C-2 Preferred Shareholders, pursuant to which the Series C-2 Preferred Shareholders agreed to subscribe for an aggregate of 46,400,000 Series C-2 Preferred Shares issued by our Company at a subscription price of US$2.50 per Series C-2 Preferred Share for an aggregate consideration of US$116,000,000, which was fully settled on December 3, 2020.

On January 15, 2021, our Company entered into the Series C+ Preferred Share Purchase Agreement with NVMB XIII Holdings Limited, pursuant to which NVMB XIII Holdings Limited agreed to subscribe for an aggregate of 2,984,444 Series C+ Preferred Shares issued by our Company at a subscription price of US$3.35 per Series C+ Preferred Share for the consideration of US$10 million, which was fully settled on January 25, 2021.

Name of Shareholder	Number of Series C-1 Preferred Shares subscribed	Number of Series C-2 Preferred Shares subscribed	Number of Series C+ Preferred Shares subscribed	Consideration
				(US$)
NEW SPECTRUM LIMITED	24,444,444	–	–	55,000,000
JT International Capital Management Limited	2,222,222	–	–	5,000,000
INNO WEALTH HOLDINGS GROUP LIMITED	4,444,444	–	–	10,000,000
Danqing Biotheus Investment Limited	–	8,000,000	–	20,000,000
Summer Ample Holdings Limited	–	8,000,000	–	20,000,000
LAV Biosciences Fund V, L.P.	–	10,000,000	–	25,000,000
Orchids Limited	–	6,000,000	–	15,000,000
EASY PATH VENTURES LIMITED	–	2,400,000	–	6,000,000
Sunshine Medical Limited	–	12,000,000	–	30,000,000
NVMB XIII Holdings Limited	–	–	2,984,444	10,000,000
Total	31,111,110	46,400,000	2,984,444	196,000,000

5. Pre-IPO Investment by Violet Springs International Ltd and NVMB XIII Holdings Limited

On January 14, 2021, our Company, China Medmaterial and Violet Springs International Ltd ("**Violet Springs**") entered into a share purchase agreement pursuant to which Violet Springs agreed to purchase 2,000,000 Series A Preferred Shares at a purchase price of US$2.62 per Series A Preferred Share from China Medmaterial for the consideration of US$5,235,400, which was fully settled on January 19, 2021. The approximate discount to the offer price is 34.80% (based on the assumption that the Offer Price is HK$31.20 per Share, being the mid-point of the indicative Offer Price range of HK$29.60 to HK$32.80).

On January 15, 2021, our Company, China Medmaterial and NVMB XIII Holdings Limited ("**NVMB**") entered into a share purchase agreement pursuant to which NVMB agreed to purchase 7,640,178 Series A Preferred Shares at a purchase price of US$2.62 per Series A Preferred Share from China Medmaterial for the consideration of US$20 million, which was fully settled on January 22, 2021. The approximate discount to the offer price is 34.80% (based on the assumption that the Offer Price is HK$31.20 per Share, being the mid-point of the indicative Offer Price range of HK$29.60 to HK$32.80).

The basis of determination of the consideration for the Pre-IPO Investments made by Violet Springs and NVMB was based on arm's length negotiation between each of them and China Medmaterial, taking into consideration the timing of the Pre-IPO Investments and the status of our Group's business operations and clinical trials. Since the Pre-IPO Investments made by Violet Springs and NVMB were in the form of share purchase from China Medmaterial, an existing shareholder of our Company, our Group will not receive any proceeds from the aforementioned Pre-IPO Investments. Both Violet Springs and NVMB are expected to give lock-up undertakings to the Underwriters. For further information about lock-up arrangements by the Pre-IPO Investors to the Underwriters, please refer to the section headed "Underwriting — Underwriting Arrangements — Undertakings pursuant to the Listing Rules and the Hong Kong Underwriting Agreement — (C) Undertakings by Existing Shareholders in this Prospectus.

6. Capitalization of Our Company

The below table summarizes the capitalization of our Company as at the Latest Practicable Date:

Shareholders	Ordinary Shares	Series A Preferred Shares	Series B Preferred Shares	Series Pre-C Preferred Shares	Series C-1 Preferred Shares	Series C-2 Preferred Shares	Series C+ Preferred Shares	Ownership percentage
								(%)
YIJIE Biotech (BVI)[1]	198,139,536	–	–	–	–	–	–	41.93%
Carfa Unity Limited[2]	12,497,947	–	–	–	–	–	–	2.64%
Carfe Unity Limited[3]	7,125,575	–	–	–	–	–	–	1.51%
China Medmaterial	–	39,894,706	–	–	–	–	–	8.44%
NVMB XIII Holdings Limited	–	7,640,178	–	–	–	–	–	1.62%
Violet Springs International Ltd	–	2,000,000	–	–	–	–	–	0.42%
Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd.	–	–	26,162,788	–	–	–	–	5.54%
KTB China Platform Fund	–	–	12,165,296	–	–	–	–	2.57%
Hefei Kaitai Growth Investment Partnership (Limited Partnership)	–	–	9,689,924	–	–	–	–	2.05%
KTBN Venture Fund No. 7	–	–	7,214,548	–	–	–	–	1.53%
Shanghai Jiazhen Investment Center (Limited Partnership)	–	–	2,906,976	–	–	–	–	0.62%
TASLY PHARMACEUTICAL GROUP CO., LTD.	–	–	–	11,111,112	–	–	–	2.35%
INNO WEALTH HOLDINGS GROUP LIMITED	–	–	–	11,111,112	–	–	–	2.35%
Shenzhen Guangliang Qixin Investment Management Enterprise (Limited Partnership)	–	–	–	10,277,776	–	–	–	2.17%
Yeed Holdings Limited[1]	–	–	–	8,888,888	–	–	–	1.88%
KTB China Synergy Fund	–	–	–	5,555,556	–	–	–	1.18%
Hangzhou Kaitai Minde Investment Partnership (Limited Partnership)	–	–	–	5,555,556	–	–	–	1.18%
Quanzhou Dingwo (LP)[1]	–	–	–	5,555,556	–	–	–	1.18%
Photon Venture Capital LP	–	–	–	3,888,888	–	–	–	0.82%

Shareholders	Ordinary Shares	Series A Preferred Shares	Series B Preferred Shares	Series Pre-C Preferred Shares	Series C-1 Preferred Shares	Series C-2 Preferred Shares	Series C+ Preferred Shares	Ownership percentage
								(%)
Shenzhen Guangliang Xingchen Venture Capital Enterprise (Limited Partnership)	–	–	–	2,500,000	–	–	–	0.53%
Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd.	–	–	–	2,222,224	–	–	–	0.47%
NEW SPECTRUM LIMITED	–	–	–	–	24,444,444	–	–	5.17%
INNO WEALTH HOLDINGS GROUP LIMITED	–	–	–	–	4,444,444	–	–	0.94%
JT International Capital Management Limited	–	–	–	–	2,222,222	–	–	0.47%
Sunshine Medical Limited	–	–	–	–	–	12,000,000	–	2.54%
LAV Biosciences Fund V, L.P.	–	–	–	–	–	10,000,000	–	2.12%
Danqing Biotheus Investment Limited	–	–	–	–	–	8,000,000	–	1.69%
Summer Ample Holdings Limited	–	–	–	–	–	8,000,000	–	1.69%
Orchids Limited	–	–	–	–	–	6,000,000	–	1.27%
EASY PATH VENTURES LIMITED	–	–	–	–	–	2,400,000	–	0.51%
NVMB XIII Holdings Limited	–	–	–	–	–	–	2,984,444	0.63%
Total	217,763,058	49,534,884	58,139,532	66,666,668	31,111,110	46,400,000	2,984,444	100.00%

Note:

(1) On February 22, 2021, the Concert Party Agreement was entered into between, among others, YIJIE Biotech (BVI), Yeed Holdings and Quanzhou Dingwo (LP).

(2) Carfa Unity Limited is a wholly-owned subsidiary of the 2019 Equity Incentive Plan Trustee.

(3) Carfe Unity Limited is a wholly-owned subsidiary of the 2019 Equity Incentive Plan Trustee.

7. Principal Terms of the Pre-IPO Investments

The below table summarizes the principal terms of the Pre-IPO Investments:

	Series A	Series B	Series Pre-C	Series C-1	Series C-2	Series C+
Cost per Preferred Share paid *(US$)*	0.0075[1]	0.135[1]	0.9[1]	2.25	2.50	3.35
Corresponding post-money valuation of CARsgen Therapeutics or our Company (as applicable) (approximation) *(US$ unless otherwise specified)*	8,150,623.55	172,000,000[2]	360,000,000[3]	970,000,000[4][5]	1,116,000,000[4][6]	1,610,000,000[4][7]
Date of the agreements	August 14, 2014	January 25, 2016	August 31, 2018	September 15, 2020	October 23, 2020	January 15, 2021
Funds raised by our Group (approximation) *(US$ unless otherwise specified)*	1,630,124.71	30,000,000	60,000,000	70,000,000	116,000,000	10,000,000
Date on which the investment was fully settled	November 28, 2014	March 1, 2016	February 4, 2020	September 21, 2020	December 3, 2020	January 25, 2021
Basis of determination of the consideration	The consideration for each round of Pre-IPO Investments was determined based on arm's length negotiation between the respective Pre-IPO Investors and our Group after taking into consideration the timing of the Pre-IPO Investments and the status of our business operations and clinical trials.					
Lock-up	The Pre-IPO Investors are not subject to any lock-up arrangement at the time of Listing under the relevant agreements in relation to the Pre-IPO Investments. For further information about lock-up arrangements by the Pre-IPO Investors to the Underwriters, please refer to the section headed "Underwriting — Underwriting Arrangements — Undertakings pursuant to the Listing Rules and the Hong Kong Underwriting Agreement — (C) Undertakings by Existing Shareholders" in this Prospectus.					

	Series A	Series B	Series Pre-C	Series C-1	Series C-2	Series C+
Discount to the Offer Price (approximation)[3]	99.80%	96.60%	77.60%	44.00%	37.80%	16.70%
Use of proceeds from the Pre-IPO Investments	We utilized the proceeds for the principal business of our Group as approved by the Board, including, but not limited to, research and development activities, the growth and expansion of our Company's business and general working capital purposes in accordance with the budget approved by the Board. As of the Latest Practicable Date, approximately 56.18% of the net proceeds from the Pre-IPO Investments has been utilized for the aforementioned purposes. We expect to utilize the remaining proceeds from the Pre-IPO Investments for the same purposes.					
Strategic benefit from the Pre-IPO Investments to our Group	At the time of the Pre-IPO Investments, our Directors were of the view that our Group could benefit from the additional capital that would be provided by the Pre-IPO Investors' investments in our Group and the Pre-IPO Investors' knowledge and experience.					
Conversion rights	Each Preferred Share shall be automatically converted into Shares at the then effective applicable conversion price on a one-to-one basis immediately before completion of the Global Offering.					

Notes:

(1) The cost per Preferred Share after taking into account the Share Subdivision.

(2) The valuation of our Company increased during the period between Series A to Series B financing, primarily due to the successful launch of the first CAR-T clinical trial for HCC in the world.

(3) The valuation of our Company increased during the period between Series B to Series Pre-C financing, primarily due to (i) the successful launch of the world's first CLDN18.2 CAR-T clinical trial for gastric/pancreatic cancer; and (ii) various products being developed by our Group which have received support by the Special Project for Significant New Drug Research and Development in the Major National Science and Technology Projects (國家科技重大專項重大新藥創制專項) under the 13th "Five-year Plan" (十三五規劃).

(4) The post-money valuation took into account of the reserved shares for the 2019 Equity Incentive Plan adopted by our Company on January 22, 2019.

(5) The valuation of our Company increased during the period between Series Pre-C to Series C-1 financing, primarily due to (i) our Group receiving IND clearance for CT011, fully human BCMA CAR-T (CT053) and anti-CLDN18.2 mAb (AB011) from the NMPA and IND clearance for CT053 from the FDA and Health Canada; (ii) FDA granted RMAT Designation for R/R multiple myeloma to CT053; (iii) our Group receiving FDA Orphan Drug Designation and EMA Orphan Medical Project Designation for CT053 for the treatment of multiple Myeloma; (iv) the European Medicines Agency granted PRIME Eligibility to CT053; and (v) our Group received IND clearance for CT041 from the FDA and NMPA.

(6) The valuation of our Company increased during the period between Series C-1 to Series C-2 financing, primarily due to CT053 passing the public review period required by the CDE of the NMPA and received the Breakthrough Therapy designation.

(7) The valuation of our Company increased during the period between Series C-2 to Series C+ financing, primarily due to our Group's successful initiation of the pivotal Phase II trial of CT053 in China.

(8) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK$31.20 per Share, being the mid-point of the indicative Offer Price range of HK$29.60 to HK$32.80, assuming the conversion of the Preferred Shares into Shares on a one-to-one basis have been completed prior to the Listing.

With regard to the significant increase in the Company's valuation upon Listing as compared to the pre-IPO valuation at the time of the Series C+ financing, this was primarily due to (i) the collection, preparation, verification and release of trial data in relation to the 32 patients with CLDN18.2 positive advanced solid tumors who have been treated with CT041, which is publicly disclosed for the first time in this Prospectus and was not available at the time of the Series C+ financing; (ii) CT041 receiving the Orphan Medicinal Product designation for the treatment of gastric cancer from the EMA in February 2021; (iii) the submission of consultation meeting request regarding Phase II trial of CT041 to the NMPA in May 2021; (iv) the commencement of construction of our Company's manufacturing facilities in North Carolina, the United States, which we expect to greatly increase our global manufacturing capacity for patient treatment outside China, and the approval of incentives with a total value of over US$3.3 million from the State of North Carolina to support the manufacturing facilities project.

8. Special Rights of the Pre-IPO Investors

Our Company and, among others, the Pre-IPO Investors entered into the investors' rights agreements, pursuant to which certain shareholder rights were agreed among the parties. Pursuant to the investors' rights agreements and the then memorandum and articles of association of our Company, certain Pre-IPO Investors have, among other rights, (i) information rights; (ii) the right to elect directors; (iii) registration rights; (iv) right of first-refusal; (iv) right of co-sale; (v) redemption rights; and (vi) prior consent to corporate actions.

The redemption rights under the investors' rights agreement have been suspended from the day that is immediately prior to the date of the Company's submission of our application for the listing of our Shares on the Stock Exchange. The redemption rights shall resume to be exercisable upon the earliest of (i) the withdrawal, rejection or lapse of the listing application by our Company; or (ii) the failure by our Company to achieve a qualified IPO before the third year of the initial closing of the relevant financing agreement (as applicable). All other special rights of the Pre-IPO Investors granted under the foregoing documents will be automatically terminated upon the completion of a qualified IPO in Hong Kong, which means an initial public offering on a stock exchange (i) with a pre-money valuation of not less than US$1,650,000,000 (or approximately HK$12,793,230,688) (or any lesser amount specified in the respective investors' rights agreement); and (ii) a valuation that enables the Pre-IPO Investors to achieve an annual internal rate of return of more than 20% on its investment. The Global Offering constitutes a qualified IPO, which will trigger the automatic termination of the other special rights granted to the Pre-IPO Investors. No special rights granted to the Pre-IPO Investors will survive after the Listing.

9. Information about the Pre-IPO Investors

Our Pre-IPO Investors include certain Sophisticated Investors, namely: Loyal Valley Capital and Shiyu Capital. The background information of our Pre-IPO Investors is set out below.

(i) China Medmaterial is a limited liability company incorporated under the laws of Hong Kong. China Medmaterial is owned by Applied Biomaterial Ltd., a limited liability company wholly-owned by BVCF Realization Fund, L.P., a fund managed and advised by BVCF Management, Ltd. ("**BVCF**"), an Independent Third Party. Founded in 2005, BVCF is a firm of investment professionals with a focus in the China's healthcare industry. BVCF has invested in multiple biotech companies including Cathy Biotech Inc. (上海凱賽生物技術股份有限公司), Biontech, 111 INC and Yidu Tech Inc. (醫渡科技有限公司).

(ii) NVMB XIII Holdings Limited ("**NVMB XIII**") is a limited liability company incorporated under the laws of Cayman Islands and is engaged in investment holding. NVMB XIII is ultimately managed and controlled by Hillhouse Capital Management, Ltd. ("**Hillhouse Capital**"), an exempted company incorporated under the laws of Cayman Islands and is an Independent Third Party. Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the consumer, TMT, advanced manufacturing, financial and business services sectors in companies across all equity stages. Hillhouse Capital has also invested in healthcare or biotechnology companies that are listed on the Stock Exchange, including BeiGene Ltd. (HKSE: 6160), Shanghai Junshi Biosciences Co., Ltd. (HKSE: 1877) and Wuxi Apptec Co., Ltd. (HKSE: 2359). Hillhouse Capital and its group members manage assets on behalf of global institutional clients.

(iii) Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd. ("**Jolly Innovation**") is a limited liability company incorporated under the laws of the PRC. Jolly Innovation is owned as to 92.50% by Zhejiang Jolly Healthcare Investment Management Limited, which is wholly-owned by Zhejiang Jolly Pharmaceutical Co., Ltd. (浙江佐力藥業股份有限公司) ("**Jolly Pharmaceutical**"), a high-tech pharmaceutical company combining R&D, production and commercialization. Jolly Pharmaceutical is listed on the Shenzhen Stock Exchange (stock code: 300181). The controlling shareholder of Jolly Pharmaceutical is Mr. YU Youqiang (俞有強), an Independent Third Party. Jolly Pharmaceutical has also invested in other biotech

companies such as Qinghai Zhufeng Dongchong Xiacao Medical Co., Ltd. (青海珠峰冬蟲夏草藥業有限公司) and Zhejiang Jolly Baicao Zhongyao Yinpian Co., Ltd. (浙江佐力百草中藥飲片有限公司).

(iv) KTB China Platform Fund ("**KTB China**"), KTBN Venture Fund No. 7 ("**KTBN Venture**") and KTB China Synergy Fund ("**KTB China Synergy**") are managed by KTB Network Co., Ltd. ("**KTB Network**"), an Independent Third Party. Founded in 1981, KTB Network has offices in Korea, China, and USA with 1.2 trillion won (USD$1.1 Billion) in assets under management. KTB Network has invested in multiple biotech companies including but not limited to Olipass (KOSDAQ: 244460), Cellid (KOSDAQ: 2999660), Abcolon (KOSDAQ: 174900), Berkeley Lights, Inc. (NASDAQ: BLI).

(v) Hefei Kaitai Growth Investment Partnership (Limited Partnership) (合肥凱泰成長投資合夥企業(有限合夥) ("**Hefei Kaitai**") and Hangzhou Kaitai Minde Investment Partnership (Limited Partnership) (杭州凱泰民德投資合夥企業(有限合夥)) ("**Hangzhou Kaitai**") are limited partnerships established under the laws of the PRC. The general partner of Hefei Kaitai is Hefei Kairong Culture Investment Management Limited (合肥凱融文化投資管理有限公司). The general partners of Hangzhou Kaitai are Hangzhou Kaitai Runhui Investment Management Limited (杭州凱泰潤匯投資管理有限公司) and Hangzhou Kaitai Capital Management Ltd. (杭州凱泰資本管理有限公司), ("**Kaitai Capital**"). Both Hefei Kaitai and Hangzhou Kaitai are ultimately managed by Kaitai Capital, an Independent Third Party. Established in 2010, Kaitai Capital is a capital risk management company, focusing on investing in biotech and digital health companies and AI technology, with more than RMB50 billion in assets under management. It has invested in biotech companies such as Hanzhou Centure Co., Ltd. (思創醫惠科技股份有限公司) (SZSE: 300078) and Beijing Scitop BioTech Co., Ltd. (北京科拓恆通生物技術股份有限公司) (SZSE: 300858).

(vi) Shanghai Jiazhen Investment Center (Limited Partnership) (上海嘉稹投資中心(有限合夥)) ("**Shanghai Jiazhen**") is a limited partnership established under the laws of the PRC and managed by JIC Capital Management (Tianjin) Limited (中建投資本管理(天津)有限公司) ("**JIC Capital**"), an Independent Third Party. Founded in 2011, JIC Capital is a private equity fund management company. JIC Capital has experience in venture capital funds, M&A funds and industrial funds. JIC Capital also provide investment banking and financial advisory services concerning fund investment. Funds managed under JIC Capital have invested in biotech companies such as Ping An Healthcare and Technology Company Limited (HKSE: 1833).

(vii) Shenzhen Guangliang Qixin Investment Management Enterprise (Limited Partnership) (深圳光量啟新投資管理企業(有限合夥)) ("**Guangliang Qixin**") and Shenzhen Guangliang Xingchen Venture Capital Enterprise (Limited Partnership) (深圳光量星辰創業投資企業(有限合夥)) ("**Guangliang Xingchen**") are limited partnerships established under the laws of the PRC and managed by Shenzhen

Guangliang Cailue Investment Co., Ltd. (深圳光量財略投資管理有限公司), their general partner. Photon Venture Capital LP ("**Photon Venture**") is a limited partnership established under the laws of Delaware. Photon Venture is managed by Photon Tech Venture LLC. Guangliang Qixin, Guangliang Xingchen and Photon Venture are managed by Photon Fund, a private equity firm focused on investing in the TMT, biotech and high-end manufacturing industries, and an Independent Third Party. It has invested in biotech companies such as Amplicore, Inc., Zhimeng Biopharma (上海摯盟醫藥科技有限公司) and Applaud Medical, Inc.

(viii) Yeed Holdings is a limited liability company established under the laws of BVI as an investment holding company and is wholly-owned by Ms. Yang Xuehong (楊雪虹), the wife of our non-executive Director, Mr. Guo Bingsen.

(ix) TASLY PHARMACEUTICAL GROUP CO., LTD. (天士力醫藥集團股份有限公司) ("**Tasly Pharmaceuticals**") is a company focused on the R&D, manufacturing, commercialization and distribution of pharmaceutical products, and an Independent Third Party. Tasly Pharmaceuticals is listed on the Shanghai Stock Exchange (stock code: 600535). Tasly Pharmaceuticals invested in multiple companies in the healthcare and biotech industry including Pegbio (派格生物), Mesoblast and Pharnext.

(x) Quanzhou Dingwo (LP) is a limited partnership established under the laws of the PRC and is managed by Ms. Guo Xiaojing, its general partner. Ms. Guo Xiaojing is the daughter of Mr. Guo Bingsen, a non-executive Director of our Company.

(xi) INNO WEALTH HOLDINGS GROUP LIMITED ("**INNO WEALTH**") is a limited liability company established under the laws of the BVI as an investment holding company focusing on investing in early-stage and growth-stage biotech companies. INNO WEALTH is owned by Mr. TSOI Kwing Ming, an Independent Third Party.

(xii) NEW SPECTRUM LIMITED ("**New Spectrum**") is a Sophisticated Investor which has made meaningful investment in the Company more than six months before the Listing Date for the purpose of paragraph 3.2(g) of Guidance Letter HKEX-GL92-18 issued by the Stock Exchange. New Spectrum, is a limited liability company established under the laws of BVI. The ultimate parent of New Spectrum is Loyal Valley Capital ("**LVC**"), a private equity firm with over 30 investors that mainly focuses on the following segments: new consumer (media, entertainment and education), healthcare and also covers specialty industrials and financial services. LVC has over US$2 billion of assets under management and has invested in a number of heathcare companies such as Shanghai Junshi Biosciences Co. Ltd (HKSE: 1877), InnoCare Pharma Limited (HKSE: 9969), Shanghai Henlius Biotech, Inc. (HKSE: 2696), Akeso, Inc. (HKSE: 9926), JW (Cayman) Therapeutics Co. Ltd. (HKSE: 2126), Shanghai Allist Pharmaceuticals Co., Ltd (SHA: 688578) and RemeGen Co., Ltd. (HKSE: 9995). LVC is an Independent Third Party.

(xiii) JT International Capital Management Limited ("**JT International**") is a limited liability company established under the laws of Cayman Islands as an investment holding company and is owned as to 98% by JT Investment Fund SPC South China Venture Capital Healthcare Fund SP ("**JT Investment Fund**") and 2% by Mr. HUANG Weimiao. JT Investment Fund is managed by JT International Financial Limited, which is wholly-owned by Nice Wealth International Holdings Limited, which is in turn wholly-owned by Mr. TSOI Ping Hing, an Independent Third Party. JT Investment Fund is focused on investing in early-stage and growth-stage healthcare companies such as Cullgen and YL-PHARMA (上海璎黎藥業有限公司).

(xiv) Danqing Biotheus Investment Limited ("**Danqing**") is a Sophisticated Investor which has made meaningful investment in the Company more than six months before the Listing Date for the purpose of paragraph 3.2(g) of Guidance Letter HKEX-GL92-18 issued by the Stock Exchange. Danqing, is a limited liability company established under the laws of BVI. and is wholly-owned by Shanghai Ranyu Medical Science and Technology Development Center L.P. (上海然玉醫藥科技發展中心(有限合夥)), which is in turn owned as to 99.9% by Suzhou Danqing Phase II Innovative Pharmaceutical Industry Investment Partnership (Limited Partnership) (蘇州丹青二期創新醫藥產業投資合夥企業(有限合夥)) as a limited partner, and 0.1% by Tibet Shiyu Investment Management Co., Ltd. (西藏拾玉投資管理有限公司) as a general partner, which is in turn wholly-owned by Shenzhen Shiyu Investment Management Co., Ltd. (深圳市拾玉投資管理有限公司) ("**Shiyu**"), an Independent Third Party. Shiyu is a professional equity investment and asset management institution, focusing on equity investment in pharmaceutical and healthcare industry, asset allocation and wealth management. Shiyu has over RMB6 billion of assets under management. It has invested in multiple biotech companies including Wuxi Apptec Co., Ltd. (HKSE: 2359), CStone Pharmaceuticals (HKSE: 2616), Ascentage Pharma Group International (HKSE: 6855), JW (Cayman) Therapeutics Co. Ltd (HKSE: 2126), JD Health (HKSE: 6618) and Jacobio Pharmaceuticals Group Co., Ltd. (HKSE: 1167).

(xv) Summer Ample Holdings Limited ("**Summer Ample**") is a limited liability company established under the laws of BVI and is owned by Summer Master Fund Limited, a Cayman Islands incorporated mutual fund ("**Summer Master**") and Summer Healthcare Fund, L.P., a limited partnership established under the laws of Cayman Islands ("**Summer Healthcare**"). Summer Master and Summer Healthcare are both controlled by Summer Capital Limited ("**Summer Capital**"), an Independent Third Party. Summer Capital is a multi-strategy investment management company, focusing on investing in the healthcare, fintech, consumer and education sectors.

(xvi) LAV Biosciences Fund V, L.P. ("**LAV Biosciences**"), is a Cayman exempted limited partnership. Orchids Limited ("**Orchids**") is a limited liability company established under the laws of BVI. Both of LAV Biosciences and Orchids are investment arms of Lilly Asia Ventures ("**LAV**"), a leading Asia-based life science investment firm with portfolios covering all major sectors of the biomedical and healthcare industry

including biopharmaceuticals, medical devices, diagnostics and healthcare services. LAV has invested in multiple biotech companies including CanSino Biologics Inc. (HKSE: 6185), Jacobio Pharmaceuticals Group Co., Ltd. (HKSE: 1167), RemeGen Co., Ltd (HKSE: 9995) and New Horizon Health (HKSE: 6606). LAV is an Independent Third Party.

(xvii) EASY PATH VENTURES LIMITED (易途創投有限公司) ("**Easy Path**") is a limited liability company established under the laws of BVI as an investment holding company and is owned by Ms. LI Ping, an Independent Third Party.

(xviii) Sunshine Medical Limited ("**Sunshine Medical**") is a limited liability company established under the laws of BVI as an investment holding company and is wholly-owned by Sunshine Life Insurance Corporation Limited, which is owned as to 99.9999% by Sunshine Insurance Group Inc., Ltd. ("**Sunshine Insurance**"), an Independent Third Party. Sunshine Insurance operates in a range of business segments including property insurance, life insurance, credit guarantee insurance, asset management, medical and health care. Sunshine Insurance including its subsidiaries have invested in multiple biotech companies such as Lepu Biopharma (樂普生物科技股份有限公司) and Genor Biopharma (嘉和生物藥業有限公司).

(xix) Violet Springs International Ltd is a limited liability company established under the laws of BVI as an investment holding company and is wholly-owned by Mr. CHANG Yundong, an Independent Third Party.

10. Public Float

Upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme), the following Shareholders, (i) YIJIE Biotech (BVI), (ii) Yeed Holdings and (iii) Quanzhou Dingwo (LP), will hold approximately 34.92%, 1.57% and 0.98% of the total issued Shares, respectively, and such Shares will not be counted towards the public float as they are the Controlling Shareholders of our Company.

Save as disclosed above in this section and the section headed "Substantial Shareholders" in this Prospectus, to the best of the Directors' knowledge, all other Pre-IPO Investors and Shareholders are not connected persons of our Company. As a result, an aggregate of approximately 62.53% of the total issued Shares (upon completion of the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme) with a market capitalization of approximately HK$17.7 billion (based on the Offer Price of HK$31.20 per Offer Share, being the mid-point of the indicative

Offer Price range) will count towards the public float; hence, over 25% of our Company's total issued Shares and a market capitalization of at least HK$375 million will be held by the public upon completion of the Global Offering as required under Rule 8.08(1)(a) and Rule 18A.07 of the Listing Rules.

COMPLIANCE WITH INTERIM GUIDANCE AND GUIDANCE LETTERS

The Joint Sponsors confirm that the investments by the Pre-IPO Investors are in compliance with the Guidance Letter HKEX-GL29-12 issued in January 2012 and updated in March 2017 by the Stock Exchange, the Guidance Letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange and the Guidance Letter HKEX-GL44-12 issued in October 2012 and updated in March 2017 by the Stock Exchange.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that the share transfers, reorganizations and acquisitions in respect of the PRC companies in our Group as described above have been properly completed in accordance with PRC laws and regulations in all material respects.

SAFE Circular 37

In 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37. SAFE Circular 37 requires PRC residents to register with local branches of SAFE or competent banks designated by SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." The term "PRC residents" under SAFE Circular 37 is defined as PRC legal entities, other economic organizations, PRC citizens holding PRC ID or non-PRC citizens habitually residing in China due to economic interests.

The term "control" under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by PRC residents in offshore special purpose vehicles by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of or any significant changes with respect to the special purpose vehicle. If shareholders of the offshore holding company who are PRC residents do not complete their registration with their local SAFE branch, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company,

and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions.

As advised by our PRC Legal Adviser, Dr. Li, Mr. Guo Bingsen, Dr. Wang, Mr. Guo Huaqing and Mr. Chen completed the registration under the SAFE Circular 37 in August 2018.

2019 EQUITY INCENTIVE PLAN

Our Company adopted the 2019 Equity Incentive Plan on January 22, 2019. The purpose of the 2019 Equity Incentive Plan are to attract, motivate, retain and reward certain employees, directors, officers and certain other eligible persons of our Group. The principal terms of the 2019 Equity Incentive Plan are set out in the section headed "Statutory and General Information — D. 2019 Equity Incentive Plan" in this Prospectus.

On May 11, 2021, our Company allotted and issued 12,497,947 Shares to Carfa Unity Limited and 7,125,575 Shares to Carfe Unity Limited, both of which are wholly-owned by the 2019 Equity Incentive Plan Trustee. Such Shares are to be held in trust by the 2019 Equity Incentive Plan Trustee to facilitate the transfer of Shares to the grantees upon vesting of the relevant Share Options and Share Awards. For details of the 2019 Equity Incentive Plan, please refer to the section headed "Appendix V — Statutory and General Information — D. 2019 Equity Incentive Plan" in this Prospectus.

POST-IPO RSU SCHEME

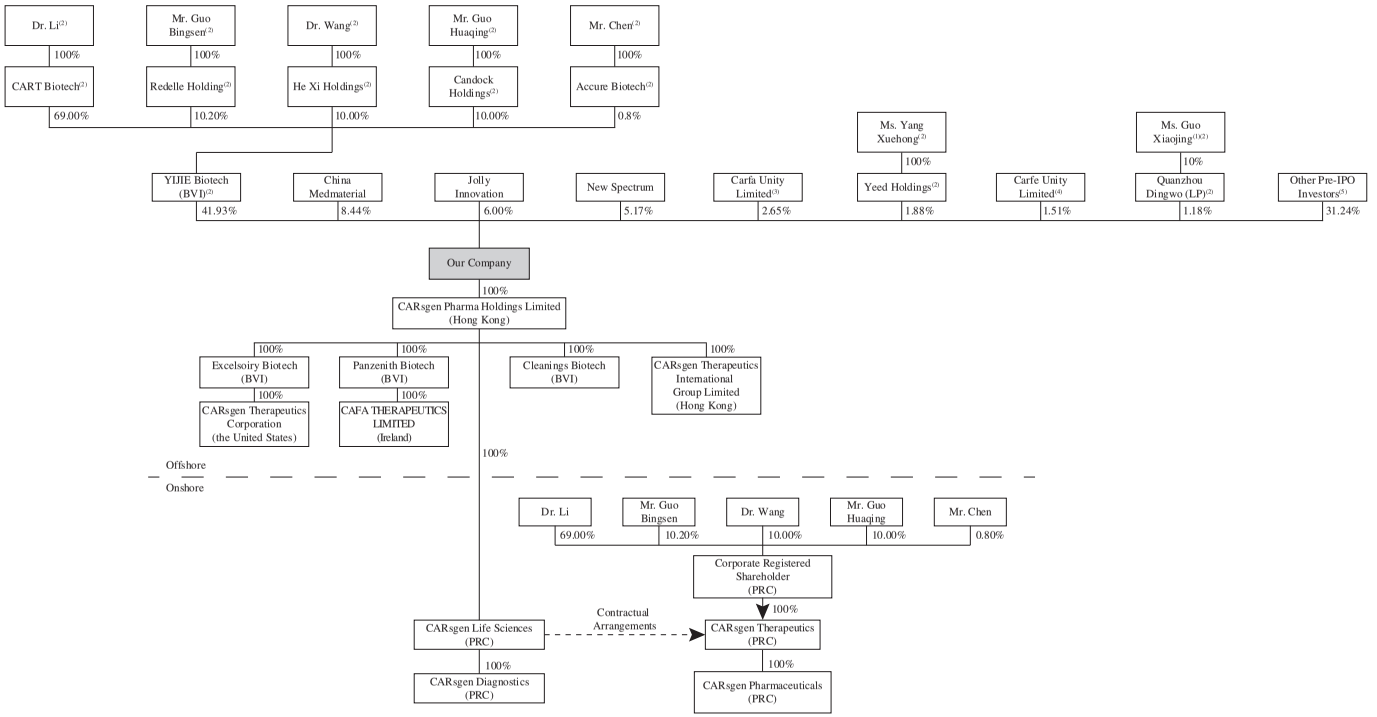
Our Company adopted the Post-IPO RSU Scheme on April 30, 2021. The purpose of the Post-IPO RSU Scheme is to align the interests of the eligible persons with those of our Group through ownership of Shares to encourage and retain them to make contributions to the long-term growth and profits of our Group. As of the Latest Practicable Date, no RSU had been granted or agreed to be granted under the Post-IPO RSU Scheme. The principal terms of the Post-IPO RSU Scheme are set out in the section headed "Statutory and General Information — E. Post-IPO RSU Scheme" in this Prospectus.

POST-IPO SHARE OPTION SCHEME

Our Company adopted the Post-IPO Share Option Scheme on April 30, 2021. The purpose of the Post-IPO Share Option Scheme is to reward employees for their past contribution to the success of the Company and to provide incentives to them to further contribute to the Company. As of the Latest Practicable Date, no option had been granted or agreed to be granted under the Post-IPO Share Option Scheme. The principal terms of the Post-IPO Share Option Scheme are set out in the section headed "Statutory and General Information — F. Post-IPO Share Option Scheme" in this Prospectus.

OUR STRUCTURE IMMEDIATELY PRIOR TO THE GLOBAL OFFERING

The following chart sets forth our corporate and shareholding structure immediately prior to the Global Offering, assuming that all of the Preferred Shares have been converted into the Shares on a one-to-one basis.



Notes:

(1) Ms. Guo Xiaojing is the general partner of Quanzhou Dingwo (LP).

(2) Dr. Li, Mr. Guo Bingsen, Dr. Wang, Mr. Guo Huaqing, Mr. Chen, CART Biotech, Redelle Holding, He Xi Holdings, Candock Holdings, Accure Biotech, YIJIE Biotech (BVI), Ms. Yang Xuehong, Yeed Holdings, Ms. Guo Xiaojing and Quanzhou Dangwi (LP) entered ino the Concert Party Agreement.

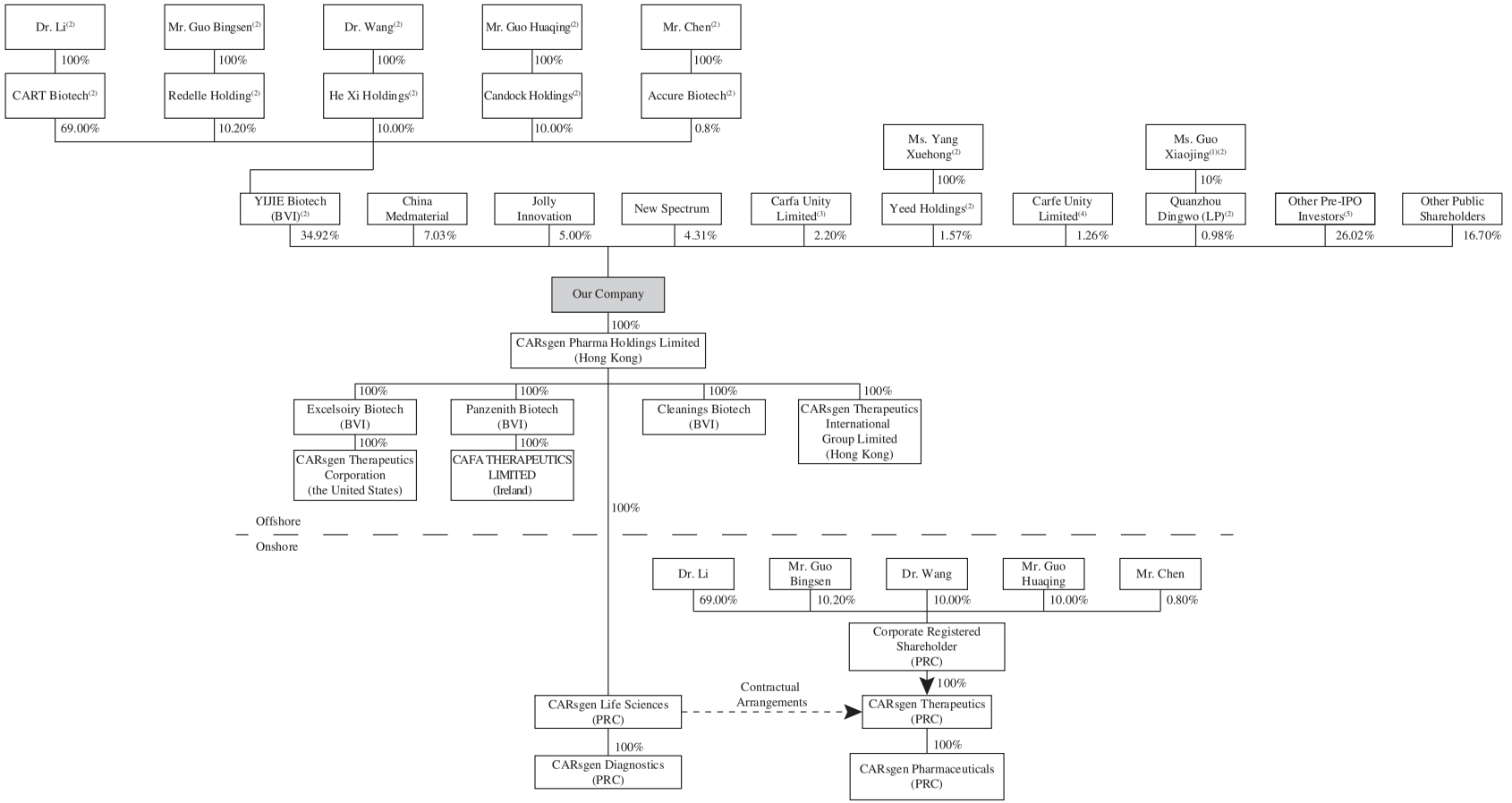
(3) Carfa Unity Limited is a wholly-owned subsidiary of the 2019 Equity Incentive Plan Trustee.

(4) Carfe Unity Limited is a wholly-owned subsidiary of the 2019 Equity Incentive Plan Trustee.

(5) For information in relation to other Pre-IPO Investors, please refer to section headed "9. Information About The Pre-IPO Investors."

OUR STRUCTURE IMMEDIATELY FOLLOWING THE GLOBAL OFFERING

The following chart sets forth our corporate and shareholding structure immediately following completion of the Global Offering, assuming that all of the Preferred Shares have been converted into the Shares on a one-to-one basis and the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme.



Notes:

(1)-(5) Please refer to notes (1) to (5) in section headed "Our Structure Immediately Prior to The Global Offering".

OVERVIEW

Foreign investment activities in the PRC are mainly governed by the Industry Guidelines on Encouraged Foreign Investment (2020) (《鼓勵外商投資產業目錄(2020年版)》) and the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020) (《外商投資准入特別管理措施(負面清單)(2020年版)》) (the "**Negative List**") (collectively, the "**Relevant PRC Regulations**") promulgated jointly by the MOFCOM and the NDRC, pursuant to which the industries listed therein are divided into four categories in terms of foreign investment, namely, "encouraged", "permitted", "prohibited" and "restricted". According to the Relevant PRC Regulations, foreign investment is prohibited in the development and application of human stem cells and genes diagnosis and treatment technologies.

Our Group engages in discovering, developing and commercializing innovative cell therapies for the treatment of hematological malignancies and solid tumors (the "**Relevant Business**"), which involves the development and application of gene therapeutic technologies and products, and therefore falls into the scope of the "prohibited" category of the Relevant PRC Regulations. As such, we currently do not directly or indirectly hold any equity interest in our Consolidated Affiliated Entities which are involved in the Relevant Business.

In order to comply with the PRC laws and regulations and maintain effective control over the Relevant Business, we, through our wholly-owned subsidiary, CARsgen Life Sciences entered into the Contractual Arrangements with CARsgen Therapeutics, the Corporate Registered Shareholder (i.e. the shareholder of CARsgen Therapeutics) and the Individual Registered Shareholders (i.e. the shareholders of the Corporate Registered Shareholder), pursuant to which CARsgen Life Sciences acquired effective control over the finance and operations of our Consolidated Affiliated Entities and is entitled to all the economic benefits derived from their operations. In light of the foregoing reasons, we believe that the Contractual Arrangements are narrowly tailored as they are used to enable our Group to conduct businesses in a field that is subject to foreign investment prohibitions in the PRC.

Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into among CARsgen Life Sciences, CARsgen Therapeutics, and the Registered Shareholders; (ii) by entering into the Exclusive Business Cooperation Agreements (as defined below) with CARsgen Life Sciences, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the Global Offering; and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

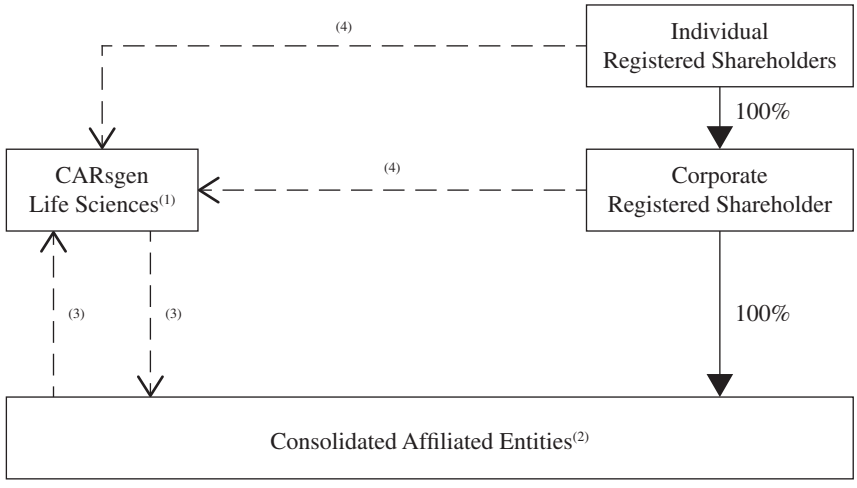
In preparation for the Listing, we entered into a series of amended and restated contractual arrangements with CARsgen Therapeutics and the Registered Shareholders on February 2, 2021. Amendments were made in order to further strengthen our Group's control over our Consolidated Affiliated Entities and to perfect the rights conferred upon our Group over the economic benefits of our Consolidated Affiliated Entities.

The previous contractual arrangements entered in 2018 were among CARsgen Life Sciences, CARsgen Therapeutics and its then shareholders. Following the Reorganization, with the exception of YIJIE Biotech (Shanghai), all the then shareholders of CARsgen Therapeutics ceased to hold equity interest in CARsgen Therapeutics. Our Company revised the contractual arrangements in 2021 to set up two-layer contracts: CARsgen Life Sciences and CARsgen Therapeutics entered into contractual arrangements with (i) YIJIE Biotech (Shanghai); and (ii) the Individual Registered Shareholders respectively. We believe that the two-layer contractual arrangements strengthened the Company's control over the Consolidated Affiliated Entities , as both YIJIE Biotech (Shanghai), being the direct shareholder of CARsgen Therapeutics, and the Individual Registered Shareholders, being the indirect shareholders of CARsgen Therapeutics are the signing parties to the contractual arrangements and thus are directly bound by the contractual arrangements.

We will unwind and terminate the Contractual Arrangements wholly or partially once the Relevant Business are no longer prohibited or restricted from foreign investment. We will directly hold the maximum percentage of ownership interests permissible under the relevant PRC laws and regulations if such businesses are allowed to be conducted by foreign investment entities under the relevant PRC laws and regulations.

CONTRACTUAL ARRANGEMENTS

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements after completion of the Reorganization:



"_____" Denotes legal and beneficial ownership in the equity interest

"_ __ _" Denotes the Contractual Arrangements

Notes:

(1) As of the Latest Practicable Date, CARsgen Life Sciences is wholly-owned by CARsgen Pharma Holdings Limited, which is in turn wholly-owned by our Company.

(2) As of the Latest Practicable Date, our Consolidated Affiliated Entities include CARsgen Therapeutics and CARsgen Pharmaceuticals. CARsgen Pharmaceuticals is wholly-owned by CARsgen Therapeutics, which is in turn wholly-owned by the Corporate Registered Shareholder, which is in turn owned by the Individual Registered Shareholders, namely as to 69% by Dr. Li, 10.2% by Mr. GUO Bingsen (郭炳森), 10% by Dr. Wang, 10% by Mr. Guo Huaqing (郭華清) and 0.8% by Mr. Chen.

(3) CARsgen Life Sciences provides technology consultation services in exchange for service fees from CARsgen Therapeutics. See "Contractual Arrangements — Exclusive Business Cooperation Agreements."

(4) The Corporate Registered Shareholder executed the Corporate Exclusive Option Agreement (as defined below) in favour of CARsgen Life Sciences for the acquisition of 100% equity interests and/or assets in CARsgen Therapeutics. See "Contractual Arrangements — Exclusive Option Agreements". The Individual Registered Shareholders in turn executed the Individual Exclusive Option Agreement (as defined below) in favour of CARsgen Life Sciences for the acquisition of 100% equity interests and/or assets in the Corporate Registered Shareholder.

The Corporate Registered Shareholder pledged as first charge all of its equity interests in CARsgen Therapeutics to CARsgen Life Sciences as security for its and CARsgen Therapeutics' performance under the Exclusive Business Cooperation Agreements (as defined below), the Corporate Exclusive Option Agreement (as defined below), the Corporate Share Pledge Agreement (as defined below) and the Corporate Powers of Attorney (as defined below), as applicable. The Individual Registered Shareholders in turn pledged as first charge all of their respective equity interests in the Corporate Registered Shareholder to CARsgen Life Sciences as security for their respective performance and the performance of the Corporate Registered Shareholder and CARsgen Therapeutics under the Exclusive Business Cooperation Agreement, Exclusive Option Agreements, Powers of Attorney, Share Pledge Agreements (as applicable). See "Contractual Arrangements — Share Pledge Agreements."

The Corporate Registered Shareholder executed the Corporate Powers of Attorney in favour of CARsgen Life Sciences. The Individual Registered Shareholders in turn executed the Powers of Attorney in favour of CARsgen Life Sciences in respect of their respective rights as shareholders of the Corporate Registered Shareholder.

Exclusive Business Cooperation Agreements

Upon the completion of the Reorganization, CARsgen Life Sciences and CARsgen Therapeutics entered into the exclusive business cooperation agreements on April 18, 2018 and the amended and restated exclusive business cooperation agreements on February 2, 2021 (collectively, the "**Exclusive Business Cooperation Agreements**"), pursuant to which CARsgen Therapeutics agreed to engage CARsgen Life Sciences as its exclusive provider of technology consultation, technical services and other related services, including but not limited to (i) technological support in relation to product development and testing, (ii) design, develop, update and maintenance service in relation to technology system, (iii) technological support in relation to research and development activities, (iv) technological consultation service (including but not limited to viability testing, technology prediction, investigation into specific technologies and producing analytical valuation reports), (v) personnel training services, (vi) onsite personnel supervision; and (vii) other related services requested by CARsgen Therapeutics from time to time to the extent permitted under PRC law.

Pursuant to the Exclusive Business Cooperation Agreements, the service fee shall be paid annually to CARsgen Life Sciences. The annual service fees shall be reasonably determined by CARsgen Life Sciences based on certain factors, including, among other things, the complexity and difficulty of such services, time and commitment required to provide such services, actual

service scope and the market value of comparable service. In addition, the service fee shall consist of 100% of the total consolidated profit of the Consolidated Affiliated Entities after deduction of any accumulated deficit in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions.

In addition, pursuant to the Exclusive Business Cooperation Agreements, without the prior consent of CARsgen Life Sciences, during the term of the Exclusive Business Cooperation Agreements, our Consolidated Affiliated Entities shall not directly or indirectly accept any same or similar service provided by any third party and shall not establish same or similar cooperative relationships with any third party, except for the service provided by third parties in the ordinary course of business.

The Exclusive Business Cooperation Agreements also provide that CARsgen Life Sciences has the exclusive proprietary rights and interests in any and all intellectual property rights created or developed by our Consolidated Affiliated Entities during the performance of the Exclusive Business Cooperation Agreements.

The Exclusive Business Cooperation Agreements are for an initial term of 10 years and is automatically extended upon expiry for a term provided by CARsgen Life Sciences in writing unless terminated by CARsgen Life Sciences in the same manner, or otherwise terminated pursuant to the terms of the Exclusive Business Cooperation Agreements.

Powers of Attorney

Upon the completion of the Reorganization, CARsgen Life Sciences and CARsgen Therapeutics entered into the powers of attorney with the Corporate Registered Shareholder and other related parties on April 18, 2018 and the amended and restated powers of attorney on February 2, 2021 with Corporate Registered Shareholder (the "**Corporate Powers of Attorney**") pursuant to which the Corporate Registered Shareholder irrevocably and exclusively granted CARsgen Life Sciences or its designee(s) (being the directors of the offshore parent company CARsgen Life Sciences and liquidators and other successors replacing such directors) the power to exercise all rights of the shareholders as set out in the then valid articles of association of CARsgen Therapeutics and relevant laws and regulations, including but not limited to the rights:

(i) to convene and attend shareholders' meeting pursuant to the articles of association of CARsgen Therapeutics;

(ii) to exercise all the shareholders' rights and shareholders' voting rights pursuant to the relevant PRC laws and regulations and the then effective articles of association of CARsgen Therapeutics;

(iii) to be the legal representative, chairman of the board or executive director or manager of CARsgen Therapeutics or to nominate, elect, designate, appoint or remove the legal representative, directors, supervisors, general managers, chief executive officer and other senior management members of CARsgen Therapeutics;

(iv) to execute any documents (including shareholders' resolutions and minutes) as a shareholder of CARsgen Therapeutics and to file any required documents to relevant government authorities;

(v) to be the legal representative of the shareholders of CARsgen Therapeutics and exercise voting rights in relation to insolvency proceedings;

(vi) to allocate the asset of following the dissolution or bankruptcy of CARsgen Therapeutics;

(vii) to make decisions in relation to the submission and registration of documents with governmental authorities; and

(viii) to deal with the asset of CARsgen Therapeutics in the capacity of a shareholder, including but not limited to managing its asset-related business and accessing and acquiring its revenue and assets.

The Corporate Powers of Attorney shall remain effective from the date of signing until the Corporate Registered Shareholder (including its successor(s)) ceases to be the shareholder of CARsgen Therapeutics or otherwise terminated pursuant to the terms of the Corporate Powers of Attorney.

The Corporate Registered Shareholder undertakes that the authorization and entrustment under the Corporate Powers of Attorney will not cause any actual or potential conflict of interest with CARsgen Life Sciences and/or its trustees. If there is any conflict of interest with CARsgen Life Sciences and other members of our Group, the Corporate Registered Shareholder shall prioritize to protect and hold harmless of the interests of CARsgen Life Sciences. The Corporate Registered Shareholder shall not take or omit to take any actions which may cause a conflict of interest with CARsgen Life Sciences or its shareholders, nor shall it execute any agreement or make any relevant commitments which will create conflict of interest with any agreement signed or being performed by CARsgen Therapeutics, CARsgen Life Sciences or its designee(s).

On the other hand, CARsgen Life Sciences and the Individual Registered Shareholders also entered into the powers of attorney (the "**Individual Powers of Attorney**", and together with the Corporate Powers of Attorney, the "**Powers of Attorney**") on February 2, 2021 with the Individual Registered Shareholders, pursuant to which the Individual Registered Shareholders irrevocably and exclusively granted CARsgen Life Sciences or its designee(s) (being the directors of the offshore parent company of CARsgen Life Sciences and liquidators

and other successors replacing such directors) the power to exercise all rights of the shareholders as set out in the then valid articles of association of the Corporate Registered Shareholder on similar terms as the Corporate Powers of Attorney.

Exclusive Option Agreements

Following the completion of the Reorganization, CARsgen Life Sciences and CARsgen Therapeutics entered into an exclusive option agreement with the Corporate Registered Shareholder and other related parties on April 18, 2018 and an amended and restated exclusive option agreement on February 2, 2021 (collectively the "**Corporate Exclusive Option Agreement**") with the Corporate Registered Shareholder, pursuant to which CARsgen Life Sciences (or a third party designated by it, the "**designee**") will be granted an irrevocable and exclusive right to acquire 100% of the equity interest in and/or assets of CARsgen Therapeutics, in whole or in part at the sole and absolute discretion of CARsgen Life Sciences (the "**Corporate Exclusive Option Rights**"), to the extent permitted under the PRC laws and regulations.

The purchase price shall be equal to the amount of registered capital contributed to CARsgen Therapeutics by the Corporate Registered Shareholder or the nominal amount of the equity interest and/or the assets to be acquired, whichever lower, unless a higher minimum purchase price is required under the PRC laws and regulations. Upon the equity interest and/assets being duly transferred to CARsgen Life Sciences or its designee(s) and after deducting necessary tax expenses, CARsgen Life Sciences or its designee(s) shall pay the consideration within seven days to the designated bank accounts of the Corporate Registered Shareholder or CARsgen Therapeutics, whichever applicable. CARsgen Therapeutics and the Corporate Registered Shareholder have also undertaken that, subject to the relevant PRC laws and regulations, they will return to CARsgen Life Sciences or its designee(s) any consideration they received in the event that CARsgen Life Sciences exercises the Corporate Exclusive Option Rights to acquire the equity interest and/or assets of CARsgen Therapeutics.

Pursuant to the Corporate Exclusive Option Agreement, CARsgen Therapeutics and the Corporate Registered Shareholder covenant, among other things, that:

(i) without the prior consent of CARsgen Life Sciences, they shall not supplement, change, or amend the articles of association of CARsgen Therapeutics or increase or reduce the registered capital of CARsgen Therapeutics, or otherwise change the structure of the registered capital of CARsgen Therapeutics, or dissolve or modify the operational structure of CARsgen Therapeutics;

(ii) they shall maintain the corporate existence of CARsgen Therapeutics in accordance with the good financial and business standards and practices;

(iii) without the prior written consent of CARsgen Life Sciences, they shall not sell, transfer, mortgage or dispose of any assets (tangible or intangible) above RMB1 million or the legal or beneficial interest in the business or revenues of CARsgen Therapeutics, or encumber such assets or legal interest;

(iv) without the prior written consent of CARsgen Life Sciences, CARsgen Therapeutics shall not be dissolved or liquidated, unless required under the laws of the PRC;

(v) without the prior written consent of CARsgen Life Sciences, CARsgen Therapeutics shall not incur, inherit, guarantee or suffer any debt, save for debts incurred during the ordinary course of business other than through loans;

(vi) CARsgen Therapeutics shall conduct its operations in the ordinary course of business so as to maintain its asset value, and shall not take or omit to take any actions which may adversely affect its operating status and asset value;

(vii) without the prior written consent of CARsgen Life Sciences, CARsgen Therapeutics shall not enter into any material contracts (i.e. contracts with monetary value above RMB1 million) other than in the ordinary course of business;

(viii) without the prior written consent of CARsgen Life Sciences, CARsgen Therapeutics shall not provide any person with any forms of loan, financial assistance, pledge or guarantee or allow a third party to pledge or charge its equity interest or assets;

(ix) at the request of CARsgen Life Sciences, CARsgen Therapeutics shall provide CARsgen Life Sciences with information regarding its operations and financial condition;

(x) CARsgen Therapeutics shall purchase and maintain insurance over its assets and business from an insurance carrier acceptable to CARsgen Life Sciences, at an amount and type of coverage typical for companies carrying on similar businesses;

(xi) without the prior written consent of CARsgen Life Sciences, CARsgen Therapeutics shall not merge, consolidate, acquire or invest in any person;

(xii) CARsgen Therapeutics shall immediately inform CARsgen Life Sciences of any litigation, arbitration or administrative proceedings involving its assets, business or revenue;

(xiii) CARsgen Therapeutics shall sign all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints and defences against all claims to maintain the ownership of its assets;

(xiv) without the prior written consent of CARsgen Life Sciences, CARsgen Therapeutics shall not distribute any dividend to its shareholders. However, at the request of CARsgen Life Sciences, CARsgen Therapeutics shall immediately distribute all distributable profits to its shareholders;

(xv) at the request of CARsgen Life Sciences, CARsgen Therapeutics shall appoint any person designated by CARsgen Life Sciences as its director, supervisor and/or senior management member and conduct all necessary filings and pass all necessary resolutions to effect the appointment;

(xvi) in the event that CARsgen Life Sciences power to exercise its rights under the Exclusive Options Agreement be affected by any tax non-compliances in relation to CARsgen Therapeutics and/or its shareholders, CARsgen Life Sciences has the right to compel CARsgen Therapeutics and/its shareholders to comply with the relevant tax obligations; or request CARsgen Therapeutics and/its shareholders to pay the requisite amount of tax to CARsgen Life Sciences such that it could pay tax on their behalf; and

(xvii) CARsgen Therapeutics shall procure its subsidiaries to perform the same obligations it has covenanted to perform under the Exclusive Option Agreements.

On the other hand, CARsgen Life Sciences and the Individual Registered Shareholders also entered into an exclusive option agreement on February 2, 2021 (the "**Individual Exclusive Option Agreement**", and together with the Corporate Exclusive Option Agreement, the "**Exclusive Option Agreements**") with the Individual Registered Shareholders pursuant to which CARsgen Life Sciences will be granted an irrevocable and exclusive right to acquire 100% of the equity interest in and/or assets of the Corporate Registered Shareholder, in whole or in part at the sole and absolute discretion of CARsgen Life Sciences to the extent permitted under the PRC laws and regulations, on similar terms as the Corporate Exclusive Option Agreement.

The Exclusive Option Agreements shall remain effective for 10 years from the date of signing and shall extend at the election of CARsgen Life Sciences, except until (1) all of the equity interest in and the assets of CARsgen Therapeutics have been transferred to CARsgen Life Sciences or its designees and (2) CARsgen Life Sciences could conduct the business operated by CARsgen Therapeutics legally.

Share Pledge Agreements

CARsgen Life Sciences and CARsgen Therapeutics entered into the share pledge agreement with the Corporate Registered Shareholder and other related parties on April 18, 2018 and the amended and restated share pledge agreement (the "**Corporate Share Pledge Agreement**") on February 2, 2021 with the Corporate Registered Shareholder upon the completion of the Reorganization, pursuant to which the Corporate Registered Shareholder agreed to pledge all of its equity interest in CARsgen Therapeutics to CARsgen Life Sciences

to secure performance of its and CARsgen Therapeutic's obligations under the Corporate Exclusive Business Cooperation Agreement, the Corporate Exclusive Options Agreement, the Corporate Share Pledge Agreement and the Corporate Powers of Attorney (as applicable).

Under the Corporate Share Pledge Agreement, the Corporate Registered Shareholder agreed that, the rights of CARsgen Life Sciences with respect to the pledge thereunder shall not be interrupted or impacted by the Corporate Registered Shareholder or its successors, heirs or representatives, or any other persons through any legal proceedings. If CARsgen Therapeutics declares any dividend during the term of the pledge, CARsgen Life Sciences is entitled to receive all such dividends distributed on the pledged equity interest, if any. In addition, pursuant to the Corporate Share Pledge Agreement, the Corporate Registered Shareholder has undertaken to CARsgen Life Sciences, among other things, not to transfer or encumber its equity interest in CARsgen Therapeutics without the prior written consent of CARsgen Life Sciences.

The share pledge takes effect upon the completion of registration with the relevant administration for market regulation and shall remain valid until after, amongst others: (1) all the contractual obligations of the Corporate Registered Shareholder and CARsgen Therapeutics under the Contractual Arrangements are satisfied in full and all the loan guaranteed under the Share Pledge Agreement has been fully paid; (2) CARsgen Life Sciences or its designee(s) has exercised the right to purchase all equity interest in and/or assets of CARsgen Therapeutics pursuant to the Corporate Exclusive Option Agreement; and (3) CARsgen Life Sciences could conduct the business operated by CARsgen Therapeutics legally. As of the Latest Practicable Date, we have registered the share pledge under the Corporate Share Pledge Agreement with the relevant PRC governmental authority in accordance with PRC laws and regulations.

Upon the occurrence and during the continuance of an event of default (as defined in the Corporate Share Pledge Agreement), CARsgen Life Sciences shall have the right to exercise all remedial measures available under the applicable PRC laws and the Contractual Arrangements, including but not limited to, being paid in priority based on the monetary valuation of the equity interest converted into or from the proceeds of an auction or sale of the said equity interest by written notice to the Registered Shareholder.

On the other hand, CARsgen Life Sciences and the Individual Registered Shareholders entered into the share pledge agreement (the "**Individual Share Pledge Agreement**", and together with the Corporate Share Pledge Agreement, the "**Share Pledge Agreements**") on February 2, 2021 with the Individual Registered Shareholders upon the completion of the Reorganization, pursuant to which the Individual Registered Shareholders agreed to pledge all of their respective equity interests in the Corporate Registered Shareholder to CARsgen Life Sciences to secure performance their respective performance and the performance of the Corporate Registered Shareholder and CARsgen Therapeutics under the Exclusive Business Cooperation Agreement, Exclusive Option Agreements, Powers of Attorney, Share Pledge

Agreements (as applicable), on similar terms as the Corporate Share Pledge Agreement. As of the Latest Practicable Date, we have registered the share pledges under the Individual Share Pledge Agreements with the relevant PRC governmental authority in accordance with PRC laws and regulations.

Spouse Undertakings

Each of the spouses of the Individual Registered Shareholders (as applicable) has executed an undertaking (collectively, the "**Spouse Undertakings**"), to the effect that (i) she acknowledges and consents to the execution of the Contractual Arrangements by the relevant Individual Registered Shareholder and acknowledges that she does not have any equity interest or rights with respect to the Contractual Arrangements; (ii) she undertakes not interfere with the performance of the Contractual Arrangements nor to make any assertions in connection with the equity interest of the Corporate Registered Shareholder held by the respective Individual Registered Shareholder; (iii) she has not participated and will not participate in the management of the Corporate Registered Shareholder and will not make any assertions in connection with the equity interest and assets of the Corporate Registered Shareholder; and (iv) in the event that she obtains any interests in the Corporate Registered Shareholder, she shall be bound by the Contractual Arrangements shall execute all necessary documents to comply with the Contractual Arrangements.

Dispute Resolution

In the event of any dispute with respect to the construction and performance of the provisions, each of the Contractual Arrangements (except for the Spouse Undertakings) stipulates that:

(i) the parties shall first resolve the dispute through friendly negotiations;

(ii) in the event the parties fail to reach an agreement on the dispute within 30 days following a negotiation request, any party may submit the relevant dispute to the Shanghai International Economic and Trade Arbitration Commission (上海國際經濟貿易仲裁委員會), in accordance with the then effective arbitration rules of the arbitration commission. The arbitration shall be conducted in Shanghai. The arbitration award shall be final and binding on all parties;

(iii) the arbitral tribunal may award remedies over the equity interest, assets or property rights of our Consolidated Affiliated Entities, injunctive relief or order the winding up of our Consolidated Affiliated Entities; and

(iv) the courts of competent jurisdictions shall have the power to grant interim remedies before making a final ruling on the dispute. The courts of Hong Kong, the Cayman Islands or other courts with jurisdiction, including but not limited to the place where our Consolidated Affiliated Entities established or the place where the principal assets of CARsgen Therapeutics and our Consolidated Affiliated Entities are located shall be considered as having jurisdiction for the above purposes.

In connection with the dispute resolution method as set out in the Contractual Arrangements and the practical consequences, we are advised by our PRC Legal Advisor that:

(i) a tribunal normally has no power to grant such injunctive relief, nor will it be able to order the winding up of our Consolidated Affiliated Entities pursuant to current PRC laws; and

(ii) in addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong may not be recognizable or enforceable in the PRC.

As a result of the above, in the event that our Consolidated Affiliated Entities or the Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. For further details, please see the section headed "Risk Factors — Risks Relating to Contractual Arrangements" in this Prospectus.

Succession

The provisions set out in the Contractual Arrangements are also binding on the successors of the Registered Shareholders, as if the successors were signing parties to the Contractual Arrangements. Under the succession laws of the PRC, for Individual Registered Shareholders, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents and any breach by the successors would be deemed to be a breach of the Contractual Arrangements. For Corporate Registered Shareholder, the successors include any subsequent entities or liquidators (as applicable) taking control of the company. In case of a breach, CARsgen Life Sciences can enforce its rights against the successors. Pursuant to the Contractual Arrangements, any inheritor of the Registered Shareholder shall inherit any and all rights and obligations of the Registered Shareholder under the Contractual Arrangements as a result of their death, loss of capacity, marriage, divorce, bankruptcy or under other circumstances which would affect their exercise of equity interest in CARsgen Therapeutics as if the inheritor was a signing party to such Contractual Arrangements.

Pursuant to the Powers of Attorney, the Corporate Registered Shareholder undertakes to CARsgen Therapeutics, and the Individual Registered Shareholders in turn undertake to the Corporate Registered Shareholder, that, in the event of death, incapacity, marriage, divorce, bankruptcy or other circumstances (as applicable) that could possibly affect the exercise or fulfillment of the rights and obligations of the Corporate Registered Shareholder as a shareholder of CARsgen Therapeutics and the rights of obligations of the Individual Registered Shareholders as shareholders of the Corporate Registered Shareholder, its or their successor will be deemed as the signing party to the Contractual Arrangements and shall assume all the rights and obligations of the relevant Registered Shareholders.

Based on the foregoing, our PRC Legal Advisor is of the view that (i) the Contractual Arrangements provide protection to us even in the event of loss of capacity, death, bankruptcy, marriage or divorce of the Registered Shareholders (as applicable); and (ii) the loss of capacity, death, bankruptcy, marriage or divorce of the Registered Shareholders would not affect the validity of the Contractual Arrangements, and CARsgen Life Sciences can enforce its rights under the Contractual Arrangements against the successors of such shareholders.

Conflicts of Interests

Each of the Registered Shareholders has given its/his irrevocable undertakings in the Powers of Attorney which address potential conflicts of interests that may arise in connection with the Contractual Arrangements. For further details, please see "— Powers of Attorney" in this section.

Loss Sharing

None of the agreements constituting the Contractual Arrangements provide that our Company or CARsgen Life Sciences, is obligated to share the losses of our Consolidated Affiliated Entities or provide financial support to our Consolidated Affiliated Entities. Further, our Consolidated Affiliated Entities are companies with limited liabilities and shall be solely liable for their own debts and losses with assets and properties owned by them.

Under PRC laws and regulations, our Company or CARsgen Life Sciences, is not legally required to share the losses of our Consolidated Affiliated Entities or provide financial support to our Consolidated Affiliated Entities. Despite the foregoing, given that our Group conducts the Relevant Business in the PRC through our Consolidated Affiliated Entities, and that their financial position and results of operations are consolidated into our Group's financial information under the applicable accounting principles, our Company's business, financial condition and results of operations would be adversely affected if our Consolidated Affiliated Entities suffer losses.

Insurance

Our Company does not maintain any insurance policy to cover the risks relating to the Contractual Arrangements.

Company's Confirmation

As of the Latest Practicable Date, our Company had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

EFFECT OF THE CONTRACTUAL ARRANGEMENTS

We believe that the Contractual Arrangements provide a mechanism that enables us to exercise effective control over our Consolidated Affiliated Entities, and is narrowly tailored to achieve our business purposes and to protect and safeguard the interests of our Company and our future public shareholders in the event of any dispute between us, our Consolidated Affiliated Entities and the Registered Shareholders for the following reasons:

(i) the arrangement under the Exclusive Business Cooperation Agreements will ensure that all economic benefits generated from the operations of our Consolidated Affiliated Entities will flow to CARsgen Life Sciences whilst ensuring compliance with applicable PRC laws and regulations and the ability to conduct the Relevant Business which is prohibited from foreign investors, foreign-owned or invested entities, and hence, is in the best interest of our Group as a whole. The delineation of the assets and staffing between CARsgen Life Sciences, which shall be responsible for driving key business decision-making process and provide overall business advice and consulting services, and our Consolidated Affiliated Entities, which shall be responsible for the operations of the Relevant Business in compliance with relevant PRC laws and regulations, would allow a proper discharge of the respective responsibilities of CARsgen Life Sciences and our Consolidated Affiliated Entities under the Contractual Arrangements and also ensure sound and effective operation of our Relevant Business in compliance with the Contractual Arrangements and applicable laws and regulations;

(ii) under the Exclusive Option Agreements, the Corporate Registered Shareholder has granted CARsgen Life Sciences an irrevocable and exclusive right to purchase 100% of its equity interest and/or assets of our Consolidated Affiliated Entities, and the Individual Registered Shareholders have in turn granted CARsgen Life Sciences an irrevocable and exclusive right to purchase 100% of their equity interest and/or assets of the Corporate Registered Shareholder. For further details, please see "— Exclusive Option Agreements" in this section. These provisions enable CARsgen Life Sciences or its designee(s) to act as the shareholder(s) of CARsgen Therapeutics or the Corporate Registered Shareholder at its election and thereby ensuring that our Group will continue to maintain our interest in our Consolidated Affiliated Entities upon the exercise of the right pursuant to the Exclusive Option Agreements;

(iii) under the Share Pledge Agreements, the Corporate Registered Shareholder has provided the share pledge on its equity interest in CARsgen Therapeutics in favour of CARsgen Life Sciences, and the Individual Registered Shareholders have in turn provided the share pledges on their respective equity interests in the Corporate Registered Shareholder in favour of CARsgen Life Sciences. As of the Latest Practicable Date, the share pledges under the Share Pledge Agreements have been registered with the relevant PRC governmental authority. The registered pledges effectively prevent the Registered Shareholders from impeding the control of CARsgen Life Sciences over CARsgen Therapeutics by transferring their direct or indirect equity interests in CARsgen Therapeutics and/or the Corporate Registered Shareholder to third parties without the knowledge or approval of CARsgen Life Sciences;

(iv) under the Powers of Attorney, the Corporate Registered Shareholder unconditionally and irrevocably appoints CARsgen Life Sciences or its designee(s) to exercise all the rights it has as the shareholder of CARsgen Therapeutics, and the Individual Registered Shareholders in turn unconditionally and irrevocably appoint CARsgen Life Sciences to exercise all the rights they have as the shareholders of the Corporate Registered Shareholder. These provisions provide CARsgen Life Sciences with the power to determine or change the composition of the board of directors and management team of CARsgen Therapeutics at its election. Through CARsgen Life Sciences, our Group will have the ability to control the management of CARsgen Therapeutics without the need for further action or cooperation from the Registered Shareholder; and

(v) under the Spouse Undertakings, each of the spouses of the relevant Individual Registered Shareholders undertakes not to take any actions to prevent the performances under the Contractual Arrangements; and we will only approve and consent to our Consolidated Affiliated Entities carrying out the Relevant Business, of which foreign-invested entities are prohibited from conducting under the relevant PRC regulations to ensure that the Contractual Arrangements are narrowly tailored for our purpose.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Our PRC Legal Advisor conducted an interview with the officer of Shanghai Medical Products Administration ((上海市藥品監督管理局), ("**SHMPA**")) on January 15, 2021, who has provided confirmation that (i) the Relevant Business involves the development and application of gene therapeutic technologies and is prohibited to foreign investors; (ii) the SHMPA is the competent government authority responsible for regulating the Relevant Business carried out by our Consolidated Affiliated Entities; and (iii) the Contractual Arrangements do not fall within the competence of SHMPA.

Our PRC Legal Advisor conducted an interview with the officer of Shanghai Municipal Commission of Commerce (上海市商務委員會) ("**SMCC**") on January 14, 2021, who has provided confirmation that (i) the SMCC is the competent government authority regulating foreign investments in Shanghai; (ii) foreign investors are not allowed to invest in business falling under the "prohibited" category of the Negative List in the PRC according to the Foreign Investment Law (the "**FIL**"); (iii) the FIL and its implementing rules do not expressly regulate contractual arrangements; and (iv) as of January 1, 2020, the SMCC will not approve or examine contracts and the articles of association of foreign-invested enterprises.

Our PRC Legal Advisor are of the view that:

(i) each of CARsgen Life Sciences and CARsgen Therapeutics is an independent legal entity which is duly established and validly existing under the PRC laws;

(ii) all parties to each of the Contractual Arrangements have qualifications and abilities to duly execute and perform the Contractual Arrangements;

(iii) none of the agreements under the Contractual Arrangements would be deemed as violation of the mandatory provisions of laws or "administrative regulations", "offence the public order or good morals" or "malicious collusion and thus harms the lawful rights and interests of another person" under Civil Code of PRC or violates any provisions of the articles of association of CARsgen Life Sciences and CARsgen Therapeutics;

(iv) from the period of 2014 to 2018, the Company was engaging in mainly early-stage exploration and research work, and not in any business that falls into the scope of the "prohibited" category in Negative List; and the Company was in compliance with all relevant laws and regulations in respect of foreign investment in the PRC during the period of 2014 to 2018, based on the following:

    (a) As of the Latest Practicable Date, no regulations or written regulatory guidelines/interpretations have been issued to define or clarify the specific scope of "foreign investment in the development and application of gene therapeutic technologies", which is a prohibited business for foreign investment under the Negative List. Accordingly it is difficult to precisely characterize historical conduct of the Company engaged in "early-stage exploration and research work" during the period from 2014 to 2018 as falling into the scope of the "prohibited" category in the Negative List.

    (b) In addition, from 2014 to 2017, China did not have any laws, regulations, or any official regulatory interpretations that categorized CAR-T cell therapy as "genes therapeutic technologies." With the continuous development of basic theories, technical methodology and clinical medical exploration and research for the stem cell therapy, immune cell therapy and gene editing over the years, on December 18, 2017, the CFDA promulgated the *Technical Guiding*

Principles for Research and Evaluation of Cell Therapy Products (Trial) (《細胞治療產品研究與評價技術指導原則(試行)》), or the *Technical Guiding Principles for Cell Therapy Products*, which sets out the guidelines for medical study, non-clinical research and clinical research of cell therapy products. The Technical Guiding Principals for cell Therapy Products brought a clear visibility on the regulatory views and administrative regime on cell therapy. In February 2021, the NMPA issued the *Technical Guiding Principles for Clinical Trials of Immune Cell Therapy Products (Trial)* (*《免疫細胞治療產品臨床試驗技術指導原則(試行)》*), which clarified that the CAR-T cell therapy is a type of immune cell therapy and shares the characteristic of gene therapy.

(c) After the issuance of the *Technical Guiding Principles for Cell Therapy Product in December 2017*, with a clear visibility that the China regulatory regime would regulate CAR-T cell therapy as a type of immune cell therapy which is likely a gene therapy and given the Company intended to conduct clinical trials for its CAR-T product candidates, for compliance purposes, the Company began to conduct a series of internal reorganizations starting from February 2018 and finally completed the reorganizations and the establishment of the VIE Structure in March 2019. Since then, the Group has held control over CARsgen Therapeutics and its subsidiary, CARsgen Pharmaceuticals, which conduct business related the CAR-T cell therapy, through the Contractual Arrangements.

(d) From the period from 2014 to 2018, the Company had engaged in mainly early-stage exploration and research work of the CAR-T cell therapy, and as of the Latest Practicable Date, had not received any "market-access restriction or prohibition" related inquiries or challenges from any competent authorities. In particular:

- From July 2017 to April 2018, the Company submitted a series of pre-clinical (Pre-IND) meeting appointments to the CFDA, a competent authority, in the name of CARsgen Therapeutics (then registered as a foreign-invested enterprise), held on-site communication meetings with the CFDA, and received various written replies from the CFDA. In our filings to, meetings and consultations with the CFDA, we did not receive from the CFDA any challenges or doubts on the foreign investment nature of CARsgen Therapeutics making such Pre-IND filings.

- The Company had also submitted various filings to the SMCC (the authority in charge of foreign investment) with respect to changes in registered capital, shareholding, and business scope of CARsgen Therapeutics, and obtained the requisite approvals or filing receipts from 2014 to 2018.

(e) The CFDA and the SMCC, respectively as the competent regulatory authorities for pharmaceutical products and foreign investment, have never raised any compliance inquiries or challenges on the Company and its operation of business of early-stage exploration and research work during the period from 2014 to 2018. On January 13, 2021, our Company received the Public Credit Information Inquiry Reports for Legal Persons (法人公共信用信息查詢報告), which state that CARsgen Therapeutics and its subsidiary, CARsgen Pharmaceuticals, suffered no administrative penalties from SHMPA from their respective dates of establishment up until then.

(v) according to the interviews with the SHMPA and the SMCC, the execution and performance of the Contractual Arrangements do not require any approvals or authorizations from them; and each of the Contractual Arrangements is valid, legally binding and enforceable under the PRC laws, except that:

(a) the exercise of the option by CARsgen Life Sciences of its rights under the Exclusive Option Agreements to acquire all or part of the equity interest in or assets of CARsgen Therapeutics and/or the Corporate Registered Shareholder may be subject to the approvals of and/or registrations with the PRC regulatory authorities under the then-valid PRC laws and regulations (if applicable); and

(b) the Contractual Arrangements provide that the arbitral tribunal may award remedies over the equity interest in or assets of our Consolidated Affiliated Entities; injunctive relief (e.g. to compel the transfer of related business or assets); or order the winding up of our Consolidated Affiliated Entities, and that competent courts of the PRC, Hong Kong, the Cayman Islands and other jurisdictions (being the places where the principal assets of our Consolidated Affiliated Entities or CARsgen Life Sciences are located) will also have jurisdiction for the grant or enforcement of the arbitral award and the interim remedies against the equity interest or property interest of our Consolidated Affiliated Entities. However, our PRC Legal Advisor has advised that the interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. For further details, please see "— Dispute Resolution" in this section.

Based on the foregoing, we believe that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with the relevant PRC laws and regulations.

We have been advised by our PRC Legal Advisor, however, that there are substantial uncertainties regarding the interpretation and application of the present and possible future implementations of PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not take a view that is contrary to the above opinion of our PRC Legal Advisor. We have been further advised by our PRC Legal Advisor that if the PRC regulatory authorities find that the Contractual Arrangements do not comply with PRC governmental restrictions on foreign investment in the prohibited businesses, we could be subject to several legal liabilities as follows and without limitation:

(i) the relevant competent department may order CARsgen Life Sciences, CARsgen Therapeutics and the Registered Shareholders to terminate the Contractual Arrangements;

(ii) our Consolidated Affiliated Entities may be ordered to dispose their shares or assets or to take any other necessary measures to unwind the Contractual Arrangements within a prescribed time limit; and

(iii) the illegal gains (if any) may be confiscated by the relevant governmental authorities.

The above-mentioned legal liabilities could have a material adverse effect on our ability to conduct our business. For further details, please see the section headed "Risk Factors – Risks Relating to Contractual Arrangements" in this Prospectus.

Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company following the completion of the Global Offering, a waiver has been sought from and has been granted by the Stock Exchange. For further details, please see the section headed "Connected Transactions" in this Prospectus.

DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

The Foreign Investment Law

The FIL was adopted at the Second Session of the Thirteenth National People's Congress of the PRC on March 15, 2019 and came into force on January 1, 2020. The FIL replaced the Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law (《外資企業法》), and became the legal foundation for foreign investment in the PRC. For further details, please see the section headed "Regulatory Overview — Laws and Regulations Relating to Foreign Investment" in this Prospectus.

The FIL stipulates the implementation of the management systems of pre-establishment national treatment and "negative list" for foreign investment. The "negative list," issued by or upon approval by the State Council, refers to special administrative measures for access of foreign investment in specific fields in the PRC. A foreign investor shall not invest in any field in the "negative list" which is prohibited from foreign investment. A foreign investor shall meet the investment conditions stipulated under the "negative list" for any field in the "negative list" which is restricted from foreign investment. Concerning fields not mentioned in the "negative list," management shall be conducted under the principle of consistency between domestic and foreign investment. The FIL does not contain or quote the stipulation of the "negative list."

The definition of "foreign investors" in the FIL includes foreign natural persons, enterprises and other organizations.

Moreover, the FIL does not stipulate that the "foreign investment" as defined thereunder shall include contractual arrangements. Instead, it adds a catch-all provision to the definition of foreign investment so that foreign investment, by its definition, includes "investments through other means stipulated under laws or administrative regulations or by the State Council" without elaboration on "other means."

Impact of FIL on Contractual Arrangements

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, and has been adopted by our Company in the form of the Contractual Arrangements, to establish control of our Consolidated Affiliated Entities, through which we operate the Relevant Business in the PRC. The FIL stipulates four forms of foreign investment, but does not mention concept "actual control", nor does it explicitly stipulate the contractual arrangements as a form of foreign investment. Besides, it does not explicitly prohibit or restrict a foreign investor to rely on contractual arrangements to control the majority of its business that is subject to foreign investment restrictions or prohibitions in the PRC. Provided that no additional laws, administrative regulations, departmental rules or other regulatory documents on contractual arrangements has been issued and enacted, the coming into effect of the FIL does not, by itself, have any material adverse operational and financial impact on the legality and validity of our Contractual Arrangements.

If the operation of our Relevant Business is not on the "negative list" and we can legally operate such businesses under PRC laws, CARsgen Life Sciences will exercise the option under the Exclusive Option Agreement to acquire the equity interest of our Consolidated Affiliated Entities and unwind the contractual arrangements subject to re-approval by the relevant authorities.

Furthermore, the FIL stipulates that foreign investment includes "foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council". Although its implementing rules do not expressly stipulate the contractual arrangements as a form of foreign investment, there are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard

contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of the Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and Regulations. In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against us which may have a material adverse effect on the trading of our Shares. For further details, please see the section headed "Risk Factors — Risks Relating to Contractual Arrangements" in this Prospectus.

Sustainability of our Relevant Business

If any ancillary regulations or implementation rules of the FIL and the negative list subsequently issued mandates further actions for us to retain the Contractual Arrangements, we will take all reasonable measures and actions to comply with the FIL or such ancillary regulations or implementation rules then in force and to minimize the adverse effect of such laws on our Company. However, there is no assurance that we can fully comply with such law. In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against us which may have material adverse effect on the trading of our Shares. If, after the Global Offering, we fail to comply with the new foreign investment law as finally promulgated, we may be required to dispose of our Relevant Business operated through our Consolidated Affiliated Entities under the Contractual Arrangements or make necessary corporate structure adjustments so as to comply with the new foreign investment law as finally promulgated.

In the worst case scenario, if any new foreign investment law subsequently promulgated is refined or deviates from the FIL, resulting in the Contractual Arrangements becoming invalid and illegal, we may not be able to operate the Relevant Business through the Contractual Arrangements and may lose our rights to receive the economic benefits of the Consolidated Affiliated Entities and the financial results of the Consolidated Affiliated Entities may no longer be consolidated into our Group's financial results and we would have to derecognize their assets and liabilities according to the relevant accounting standards. If our Group does not receive any compensation, an investment loss would be recognized as a result of such derecognition.

Nevertheless, considering that a number of existing entities are operating under contractual arrangements and some of which have obtained listing status abroad, our Directors are of the view that it is unlikely, if any ancillary regulations or implementation rules of the FIL is promulgated, that the relevant authorities will take retrospective effect to require the relevant enterprises to remove the contractual arrangements. However, there is no guarantee that the PRC government will not take a relatively cautious attitude towards the supervision of foreign investments and the enactment of laws and regulations impacting them and make decisions according to different situations in practice.

Our Company will, after the Global Offering, timely announce (i) any updates or material changes to any ancillary regulations or implementation rules of the FIL that will materially and adversely affect us as and when they occur and (ii) in the event that any ancillary regulations or implementation rules of the FIL or any new foreign investment law has been promulgated, a clear description and analysis of law, specific measures adopted by our Company to comply with the law (supported by advice from PRC legal advisor), as well as its material impact on our business operation and financial position.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

According to IFRS 10 — Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although our Company does not directly or indirectly own our Consolidated Affiliated Entities, the Contractual Arrangements as mentioned above enable our Company to exercise control over our Consolidated Affiliated Entities.

Consolidation of financial results of our Consolidated Affiliated Entities

Under the Exclusive Business Cooperation Agreements, it was agreed that, in consideration of the services provided by CARsgen Life Sciences, our Consolidated Affiliated Entities will pay services fees to CARsgen Life Sciences. The services fees shall be reasonably determined by CARsgen Life Sciences based on certain factors, including, among other things, complexity and difficulty of such services, time commitment to such services, actual service scope and the market price of the same type of services. Apart from the service fee, if CARsgen Life Sciences transfers, licenses or develops technology for our Consolidated Affiliated Entities, or leases equipment or properties to our Consolidated Affiliated Entities, such fee shall be determined by CARsgen Life Sciences and our Consolidated Affiliated Entities separately. CARsgen Life Sciences also has the right to periodically receive or inspect the accounts of our Consolidated Affiliated Entities. Accordingly, CARsgen Life Sciences has the ability, at its sole discretion, to extract substantially all of the economic benefit of our Consolidated Affiliated Entities through the Exclusive Business Cooperation Agreements.

In addition, under the Exclusive Option Agreements, CARsgen Life Sciences has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of our Consolidated Affiliated Entities as CARsgen Life Sciences prior written consent is required before any distribution can be made. In the event that the Registered Shareholder receive any profit distribution or dividend from our Consolidated Affiliated Entities, the Registered Shareholder must immediately pay or transfer such amount to our Company.

As a result of these Contractual Arrangements, our Company has obtained control of our Consolidated Affiliated Entities through CARsgen Life Sciences and, at our Company's sole discretion, and can receive substantially all of the economic interest returns generated by our Consolidated Affiliated Entities. Accordingly, our Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows are consolidated into our Company's financial information.

In this regard, our Directors consider that our Company can consolidate the financial results of our Consolidated Affiliated Entities into our Group's financial information as if it was our Company's subsidiary.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(i) as part of the internal control measures, major issues arising from the implementation of and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an continuous basis;

(ii) our Board, particularly our independent non-executive Directors, will review the overall performance of and compliance with the Contractual Arrangements at least once a year, and we will disclose in our annual report our independent non-executive Directors' confirmation;

(iii) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports and interim reports to update the Shareholders and potential investors;

(iv) our Company and our Directors undertake to provide periodic updates in our annual and interim reports regarding (a) our status of compliance with the FIL, and (b) the latest regulatory development in relation with the FIL;

(v) our Company will engage external legal advisors or other professional advisors, if necessary, to assist our Board to review the implementation of the Contractual Arrangements and both legal and compliance issues in relation to CARsgen Life Sciences and our Consolidated Affiliated Entities in order to deal with specific issues or matters arising from the Contractual Arrangements;

(vi) because the Contractual Arrangements will constitute continuing connected transactions of our Group following the completion of the Global Offering, our Company has applied to the Stock Exchange, and the Stock Exchange has agreed to grant a waiver, details of which are set out in the section headed "Connected Transactions — Non-exempt Continuing Connected Transactions — Contractual Arrangements" in this Prospectus. Our Company will comply with the conditions prescribed by the Stock Exchange under the waiver given; and

(vii) our Group will adjust or unwind (as the case may be) the Contractual Arrangements as soon as practicable in respect of the operation of the Relevant Business to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations which allow the Relevant Businesses to be conducted and operated by our subsidiaries without such arrangements in place.

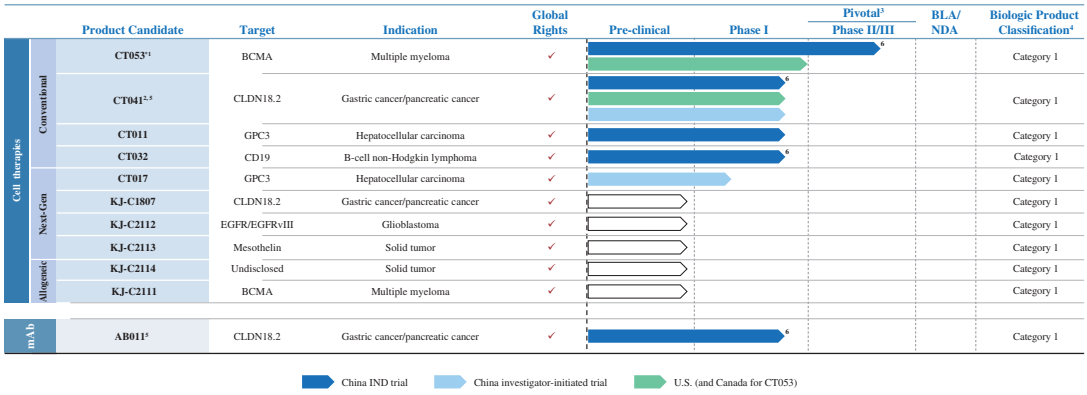
OVERVIEW

We are a biopharmaceutical company with operations in China and the U.S. focused on innovative CAR-T cell therapies for the treatment of hematological malignancies and solid tumors. We have internally developed novel technologies and a product pipeline with global rights to address major challenges of CAR-T cell therapies, such as improving the safety profile, enhancing the efficacy in treating solid tumors and reducing treatment costs. Our vision is to become a global biopharmaceutical leader that brings innovative and differentiated cell therapies to cancer patients worldwide and makes cancer curable.

We believe that we are a key player in the field of CAR-T cell therapies. We have developed an upgraded B cell maturation antigen ("**BCMA**") targeted CAR-T product, CT053, which is our sole Core Product Candidate. CT053 has demonstrated favorable safety, as evidenced by the absence of Grade 3 or above cytokine release syndrome ("**CRS**") or treatment-related patient deaths, and promising efficacy for the treatment of relapsed/refractory multiple myeloma ("**R/R MM**"), a type of hematological malignancies, based on the clinical data from investigator-initiated trials, which are clinical trials sponsored and conducted by independent investigators, and our Phase I clinical trials in China and the United States. However, the clinical trials of CT053 are ongoing and we will collect additional safety and efficacy data. We are the first in the world to successfully identify, validate and report Claudin 18.2 ("**CLDN18.2**"), and glypican-3 ("**GPC3**"), as tumor-associated antigens for CAR-T therapies for gastric/pancreatic cancer and hepatocellular carcinoma ("**HCC**"), each of which represents significant unmet medical needs. By progressing our CLDN18.2-targeted CAR-T product candidate, CT041, into clinical stage, we may change the treatment paradigm of difficult-to-treat solid tumors. As of the Latest Practicable Date, we had obtained seven IND clearances for CAR-T therapies in China, the United States and Canada, ranking the first among all CAR-T companies in China, according to Frost & Sullivan. In addition, among all CAR-T companies in China, we received the first and only Regenerative Medicine Advanced Therapy, or RMAT, designation from the U.S. FDA for CT053, which brings the benefits of both the Breakthrough Therapy designation and the Fast Track designation. The RMAT designation from the FDA for CT053 provides us with various benefits, such as engaging in enhanced interactions and early dialogues with the FDA to optimize our development plans and accelerate regulatory evaluation.

Led by an experienced management team of academic professionals and industry veterans, we have built an integrated cell therapy platform with in-house capabilities that span from target discovery, lead antibody development, clinical trials to commercial-scale manufacturing. Leveraging our platform, we have developed a differentiated pipeline of 11 product candidates, including six at clinical stage. Ten of the 11 product candidates are CAR-T cell therapies, including five at clinical stage. Our CAR-T product candidates target both evidence-based and novel tumor-associated antigens and are carefully designed and optimized to reduce adverse events commonly associated with existing CAR-T therapies. In addition, we are exploring our proprietary allogeneic CAR-T technology, THANK (Target to Hinder the Attack of NK cells) uCAR, with an aim to overcome inefficient expansion and persistence of allogeneic CAR-T cells and to generate high-quality, universal allogeneic CAR-T cell therapies

that are readily available at a lower cost because each batch of allogeneic CAR-T cells could be used to treat multiple patients. Allogeneic CAR-T cell therapies are challenging to develop, and we may not be successful in developing allogeneic CAR-T products. We own global rights to our product candidates and technologies, all of which are developed by us in-house. We will continue our endeavor with our technology platforms to identify novel tumor-associated targets and develop potentially first-in-class or best-in-class CAR-T therapies to fulfill significant unmet medical needs. The following chart summarizes our pipeline and the development status of each product candidate as of the Latest Practicable Date. The clinical-stage product candidates are currently being developed for treating advanced stage cancers.



Notes:

* Denotes our sole Core Product Candidate

1 RMAT designation from the U.S. FDA, PRIME designation from the EMA, Breakthrough Therapy Designation from the NMPA, Orphan Drug designation from the U.S. FDA and Orphan Medicinal Product designation from the EMA. The PRIME designation from the EMA provides us with various benefits, such as engaging in enhanced interactions and early dialogues with the EMA to optimize our development plans and accelerate regulatory evaluation. The RMAT designation brings benefits of both Fast Track and Breakthrough Therapy designations. For additional information on RMAT and Orphan Drug designations, see "Regulatory Overview — Laws and Regulations of Pharmaceutical Product Development and Approval in the United States."For Orphan Medicinal Product designation, see "Industry Overview — Overview of Cellular Immunotherapy and CAR-T Market — CAR-T Cell Therapy — Orphan Medicinal Product Designation." The ongoing Phase II trial in China is a pivotal trial. For NMPA Breakthrough Therapy Designation, see "Regulatory Overview — Laws and Regulations Relating to Drugs — Regulations on Drug Research and Development — Priority Evaluation and Approval Programs to Encourage Innovation."

We received the IND approval from the NMPA in February 2019 for initiating an open-label, single-arm, multi-center Phase I/II clinical trial in patients with R/R MM in China. We were permitted by the NMPA to launch the pivotal Phase II part of the aforementioned clinical trial in the fourth quarter of 2020 after the required communication meeting with the NMPA. In addition, we are communicating with the U.S. FDA regarding the initiation of the pivotal Phase II clinical trial of CT053 in R/R MM patients in the U.S. We expect to obtain approval from the FDA for initiating the Phase II clinical trial by the third quarter of 2021.

2 Orphan Drug designation from the U.S. FDA and Orphan Medicinal Product designation from the EMA

3 Phase II trials of some indications are pivotal studies.

4 Category 1 refers to therapeutic biological products that have not been marketed anywhere in the world as classified by the Registration Category of Biological Products and the Data Requirements for Declaration (《生物製品註冊分類及申報資料要求》) issued by the NMPA. There is no equivalent classification scheme in the U.S. according to Frost & Sullivan.

5 We are developing a companion diagnostic kit for CT041 and AB011 to measure the expression level of CLDN18.2. We have developed the prototype and completed the analytical validation of the companion diagnostic kit. We are currently conducting clinical validation of the kit in clinical trials of CT041 in China and the U.S. and in the clinical trial of AB011 in China.

6 The clinical trials are conducted under the clinical trial protocol covering Phase I and Phase II for each product candidate.

Our clinical stage candidates in IND trials include the following:

- Fully human BCMA CAR-T (CT053): an autologous CAR-T product candidate against BCMA being developed for the treatment of relapsed/refractory multiple myeloma, or R/R MM. CT053 has received RMAT and Orphan Drug designations from the U.S. FDA in 2019, as well as PRIME and Orphan Medicinal Product designations from the EMA in 2019 and 2020, respectively, and the Breakthrough Therapy designation from the NMPA in 2020. We have completed the Phase I trial and are conducting the pivotal Phase II trial of a Phase I/II clinical trial of CT053 for R/R MM in China. We are completing a Phase Ib clinical trial of CT053 for R/R MM in North America and communicating with the U.S. FDA regarding the initiation of the pivotal Phase II clinical trial. We expect to complete the patient enrollment for the Phase Ib clinical trial in North America in the second quarter of 2021. Clinical data on CT053 to date demonstrate that CT053 delivers early, favorable responses in heavily treated R/R MM patients. CT053 also shows a favorable safety profile, as evidenced by the absence of Grade 3 or above CRS or treatment-related patient deaths in the investigator-initiated trials and the Phase I clinical trials. We plan to submit a NDA to the NMPA in the first half of 2022 and submit a BLA to the U.S. FDA in the first half of 2023 for CT053 as a treatment for MM patients who have received at least three prior lines of therapies. We are also planning for a randomized global Phase III trial, which we expect to initiate in the third quarter of 2022, to assess CT053 as an earlier line of treatment for R/R MM in patients who have received at least one prior line of systemic therapy.

  CT053 is subject to market competition such as Abecma, a BCMA-targeted CAR-T cell therapy, which received the marketing approval from the U.S. FDA for the treatment of R/R MM after four or more lines of therapy. As of the Latest Practicable Date, there were 16 other BCMA-targeted CAR-T product candidates under clinical development for the treatment of MM globally. The development stage of some of these competing product candidates are more advanced compared to CT053. For additional information, see "Industry Overview — Overview of BCMA-Targeted CAR-T Cell Therapy — Competitive Landscape."

- Humanized CLDN18.2 CAR-T (CT041): a globally potential first-in-class, autologous CAR-T product candidate against CLDN18.2 being developed for the treatment of CLDN18.2 positive solid tumors with a primary focus on gastric/gastroesophageal junction cancer and pancreatic cancer. As of the Latest Practicable Date, CT041 was the only CLDN18.2-targeted CAR-T product candidate globally that was being studied in clinical trials with IND approvals, according to Frost & Sullivan. CT041 received the Orphan Drug designation for the treatment of gastric/gastroesophageal junction cancer from the U.S. FDA in 2020 and the Orphan Medicinal Product designation for the treatment of gastric cancer from the EMA in 2021. CT041 has demonstrated promising therapeutic efficacy and safety in the ongoing clinical trials. In addition to the investigator-initiated trials in China, we have initiated a Phase Ib clinical trial for advanced (unresectable or metastatic) gastric/gastroesophageal junction cancer and pancreatic cancer in China and a Phase Ib clinical trial for advanced (unresectable or metastatic) gastric or pancreatic cancer in the United States to evaluate the safety and efficacy of CT041. We have applied to the NMPA for the required regulatory approval for initiating the pivotal Phase II clinical trial in China. We also intend to conduct a pivotal Phase II clinical trial in the United States in 2022, and we are considering pivotal Phase II clinical trials in Canada, Europe and Asia-Pacific countries. Going forward, we plan to develop CT041 as an earlier line treatment for CLDN18.2 positive solid tumors, both as a single agent and in combination with other therapies.

- Humanized GPC3 CAR-T (CT011): a globally potential first-in-class, autologous CAR-T product candidate against GPC3 being developed for the treatment of HCC. CT011 received IND clearance from the NMPA, which is China's first IND clearance for CAR-T cell therapy against solid tumors, according to Frost & Sullivan. Globally, CT011 received the first IND clearance among all GPC3-targeted CAR-T product candidates under IND clinical development as of the Latest Practicable Date, according to Frost & Sullivan. The investigator-initiated trial of CT011 in China demonstrated that CT011 was generally tolerable in GPC3 positive HCC patients who have been heavily treated. We have initiated a Phase I clinical trial in China to evaluate the safety, cellular kinetics and efficacy of CT011 in patients with GPC3 positive advanced HCC. We plan to submit a subsequent application to the NMPA for a Phase II clinical trial of CT011 in GPC3 positive HCC patients in the second half of 2021 and initiate the Phase II trial upon approval.

- Humanized CD19 CAR-T (CT032): an autologous CAR-T product candidate against CD19 being developed for the treatment of B cell NHL. CT032 incorporates a humanized CD19-specific single-chain fragment variant, which we expect to reduce the toxicity of CT032 and reduce immunogenicity, as compared to currently commercialized CD19-specific CAR-T products which use murine anti-CD19 single chain variable fragment as the targeting moiety. We are conducting an open-label, single arm, Phase I/II trial in China to evaluate the safety and tolerability of CT032.

- anti-CLDN18.2 mAb (AB011): a humanized monoclonal antibody product candidate against CLDN18.2 being developed for the treatment of CLDN18.2 positive solid tumors. We obtained the second IND clearance in the world for an mAb targeting CLDN18.2, according to Frost & Sullivan. In our pre-clinical studies, AB011 displayed strong *in vitro* antitumor activities against CLDN18.2 positive tumor cells and potent *in vivo* antitumor activities when combined with oxaliplatin and 5-fluorouracil in tumor mouse models. We are conducting a Phase I clinical trial of AB011 for the treatment of CLDN18.2 positive solid tumors in China to evaluate its safety, tolerability, pharmacokinetics and preliminary efficacy. Subject to the results of our Phase I trial, we plan to consult with the NMPA in the second half of 2022 and to initiate a Phase II/III clinical trial with a leading indication of gastric/gastroesophageal junction cancer.

In addition to the five product candidates listed above, our pipeline also includes one clinical-stage product candidate, CT017 and five pre-clinical product candidates. CT017 is an autologous CAR-T product candidate against GPC3 being developed for the treatment of HCC. It is armored with a transcription factor, which is a master regulator essential for inducing T cells to reside in non-lymphoid tissues. Our preclinical studies have shown that CT017 is able to better reside and persist in non-lymphoid tissues such as solid tumor masses, therefore exhibit enhanced efficacy against solid tumors. CT017 is currently under an investigator-initiated trial to assess its safety and efficacy for treating GPC3 positive HCC in China. Furthermore, we are investing significant resources to develop the next-generation CAR-T technologies in order to address major challenges of treating solid tumors with CAR-T therapy, such as limited CAR-T cell infiltration, persistence or efficacy in tumor masses due to the adverse tumor microenvironment. For example, we are developing CycloCAR, a next-generation CAR-T technology that co-expresses cytokines IL-7 and chemokine CCL21, that potentially has greater clinical efficacy and reduced requirement for lymphodepletion conditioning.

We have established in-house GMP-compliant manufacturing capabilities that cover end-to-end CAR-T manufacturing, including plasmids production, lentiviral vectors production and CAR-T cell product manufacturing. We have launched a manufacturing facility in Xuhui, Shanghai with a total gross floor area, or GFA, of approximately 3,000 sq.m. and an annual CAR-T production capacity to support the CAR-T treatment of 200 patients. Since establishment, our Xuhui facility has achieved over 95% manufacturing success rate for all product candidates and supported our early-stage clinical trials. We determine the manufacturing success rate by dividing (a) the number of patients for whom the CAR-T cells are manufactured and released by the quality assurance department by (b) the number of patients undergone apheresis for CAR-T manufacturing. The relevant numbers are derived from our records of all of the investigator-initiated trials and Phase I clinical trials from 2017 to the end of 2020 that were supported by our Xuhui facility. We have also completed the construction of our commercial-scale manufacturing facility located in Jinshan, Shanghai with a total GFA of approximately 7,600 sq.m. and an estimated manufacturing capacity to support CAR-T treatment of up to 2,000 patients annually. The Jinshan facility passed the on-site inspection conducted by the Shanghai Medical Products Administration, or the SHMPA, and

obtained the first Manufacture License for Pharmaceutical Products ("**Manufacturing License**") issued in China for CAR-T cell therapy. To support our global expansion, we are planning for the construction of a second-phase of our Jinshan facility and building up GMP-compliant commercial manufacturing facilities in the United States, which collectively will be able to expand our manufacturing capacity to support the treatment of over 10,000 patients annually. By building end-to-end manufacturing capabilities, we expect to significantly reduce the manufacturing costs because the use of CDMO and CRO is more expensive, and reduce the process turnaround time or the vein-to-vein time by eliminating extra transportation time and release time due to the third-party testing. In anticipation of the upcoming commercialization of our product candidates once approved, we are assembling a dedicated in-house sales and marketing force to support the initial product launch at the top hospitals capable of administering CAR-T cell therapies in China.

We have assembled an experienced management team comprised of seasoned academic professionals and regulatory and industry veterans that collectively cover every step of cell therapy discovery and development cycle. Led by our co-founder, CEO and Chief Scientific Officer Dr. Zonghai Li, our senior management team brings extensive research and development experience from academia, governmental agencies and multinational pharmaceutical corporations to our Company. Dr. Li is one of the leading researchers in the field of CAR-T cell therapies and has published over 100 peer-reviewed scientific papers in renowned scientific journals. Dr. Li spearheaded the discovery of CLDN18.2 and GPC3 as solid tumor-associated targets for the development of CAR-T therapies. In charge of our regulatory affairs, Dr. Yong Fan, our Senior Vice President, Global Regulatory Affairs, has decades of product development, manufacturing and regulatory experience and previously served at the U.S. FDA in several roles in charge of reviewing medical devices used in the manufacturing of cellular therapy products, performing pre-licensing inspections and CBER and CDRH compliances. In addition, members of our world-class research and development team have cross-disciplinary expertise in a variety of fields, including chemistry, biology, pharmacology, toxicology, pharmacovigilance, regulatory affairs, translational and clinical research, and possess in-depth expertise in multiple cell therapy and disease areas.

We intend to build on the extensive progress we have made to date to rapidly advance the clinical development and commercialization of our lead product candidates. We have been focusing on four primary aspects in our research and development to produce improved CAR-T cell therapies and will continue our efforts in these areas to expand our product portfolio: (1) developing the next-generation CAR-T technologies to enhance the efficacy and safety of our products; (2) developing allogeneic CAR-T products (CAR-T cells manufactured with non-self T cells) with our THANK-uCAR technology, which are readily available "off-the-shelf" at lower costs than autologous CAR-T cell therapies (CAR-T cells manufactured with the patients' own T cells); (3) exploring potential combination approaches to boost the therapeutic effects of single agents; and (4) identifying new targets and approaches to tackle new indications. In addition, we plan to further expand our manufacturing and commercialization capabilities.

OUR STRENGTHS

Upgraded fully-human BCMA CAR-T therapy with a favorable safety profile

CT053 is an upgraded, fully-human autologous BCMA CAR-T product candidate for the treatment of MM. It incorporates an upgraded CAR construct we engineered that features a fully-human BCMA-specific single-chain fragment variant with lower immunogenicity and increased stability, which reduces the auto-activation of CAR-T cells in the absence of tumor-associated targets.

We are pursuing a broad clinical program for CT053 for the treatment of R/R MM, including several investigator-initiated trials and a Phase I/II clinical trial in China and a Phase Ib clinical trial in North America. Based on our available clinical data, CT053 delivers early responses in heavily treated R/R MM patients and shows a favorable safety profile. Among the total of 58 patients treated with CT053 in these trials, no Grade 3 or above CRS events occurred and there was no treatment-related patient death. CT053 has also shown a promising efficacy profile. As of the respective data cutoff date of the investigator-initiated trials and two clinical trials in China and North America, CT053 achieved an ORR of 87.5%, 100%, and 94.4%, respectively, despite the challenging enrolled patient populations where 41.7%, 14.2% and 25% of the patients had EMD, respectively, and 70.6%, 35.7% and 55% of the patients had high-risk cytogenetic profile, respectively. Such a favorable safety and promising efficacy profile of CT053 is expected to save significant overall treatment costs by reducing patients' hospital stay and their reliance on expensive immunosuppressant to control adverse events. We believe that it will also allow us to potentially advance CT053 to earlier lines of treatment for MM, therefore significantly increasing our target patient base and achieving greater market penetration.

CT053 is one of only five CAR-T product candidates globally that received the U.S. FDA RMAT designation, which is awarded only to a therapy with potential to address unmet medical needs on the basis of preliminary clinical evidence, according to Frost & Sullivan. In addition, CT053 has obtained the PRIME designation and the Orphan Medicinal Product designation from the EMA, the Orphan Drug designation from the U.S. FDA, and the Breakthrough Therapy designation from the NMPA. We have completed the Phase I trial and are conducting the pivotal Phase II trial of a Phase I/II clinical trial in R/R MM patients in China. We are also completing our Phase Ib trial in North America and communicating with the U.S. FDA regarding the initiation of a pivotal Phase II trial. We plan to submit the NDA and the BLA to the NMPA and the U.S. FDA in 2022 and 2023, respectively. Going forward, we intend to conduct additional clinical trials to develop CT053 as an earlier line of MM treatment.

We believe CT053 is well-positioned to address the significant unmet medical need in treating MM. According to Frost & Sullivan, the prevalence of MM had 101,900 and 141,600 in 2019 in China and the United States, respectively. Despite the continuous innovation and development of therapeutic solutions, MM remains incurable with high relapse and refractory

rates. Current therapies include small-molecule targeted therapies, CD38 antibody and a BCMA-targeted antibody-drug conjugate ("**ADC**"), but these therapies have limited efficacy and typically cannot completely cure MM.

Globally potential first-in-class CLDN18.2 CAR-T product candidate for solid tumors

CT041 is a globally potential first-in-class, autologous CLDN18.2 CAR-T product candidate for the treatment of CLDN18.2 positive solid tumors. As of the Latest Practicable Date, CT041 was the only CLDN18.2-targeted CAR-T product candidate globally that was being studied in clinical trials with IND approvals, according to Frost & Sullivan. CLDN18.2 is expressed in a range of different solid tumors, including gastric/gastroesophageal junction cancer, pancreatic, colorectal, lung, and ovarian cancers. Leveraging our in-depth understanding in CAR-T cell therapy, as well as our integrated antibody platform, we were the first in the world to successfully identify, validate and report CLDN18.2 as a solid tumor-associated antigen for the potential development of CAR-T therapies for solid tumors in which CLDN18.2 is prevalently or highly expressed. To further address the challenges of CAR-T therapies in treating solid tumors, we have developed an innovative preconditioning regimen, or the FNC regimen, before infusion of CT041, which features the addition of nab-paclitaxel to the conventional regimen using cyclophosphamide and fludarabine for lymphodepletion. We believe CT041 has the potential to solve significant unmet clinical needs for the treatment of gastric and pancreatic cancers, and serve as a proof-of-concept for our breakthrough to apply CAR-T modality to treating solid tumors.

CT041 has demonstrated promising therapeutic efficacy and safety in the ongoing investigator-initiated trial and the Phase I/II clinical trial in China and Phase Ib clinical trial in the United States for CLDN18.2 positive gastric cancer and pancreatic cancer. An ongoing investigator-initiated trial is led by Dr. Lin Shen at the Beijing Cancer Hospital. As of the data cutoff date December 18, 2020, CT041 demonstrated an ORR of 50% in 22 evaluable patients with gastric/gastroesophageal junction cancer, 18 of whom have failed at least two prior lines of systemic treatment and 4 failed one prior line therapy, with a median PFS of 4.2 months and median OS of 9.5 months. CT041 also showed preliminary efficacy in five evaluable patients with pancreatic cancer who failed at least two prior lines of systemic treatments. There were no reported Grade 3 or above CRS or neurotoxicities, and most common Grade 3/4 adverse events were hematologic toxicities which were generally related to the lymphodepletion preconditioning. CT041 cells were observed to persist in the peripheral blood for eight weeks and up to six months and achieve T cell expansion up to several to tens of thousands of CAR copies in blood per microgram of genomic DNA.

In addition to the investigator-initiated trial, we have initiated an open label, multicenter Phase Ib clinical trial in China to assess the efficacy and safety of CT041 in patients with CLDN18.2 positive advanced gastric/gastroesophageal junction cancer that has failed at least two prior lines of therapies and advanced pancreatic cancer that has failed at least one prior line of therapy. We have also initiated an open label, multicenter Phase Ib clinical trial of CT041 in the United States. Both the NMPA and the U.S. FDA allowed us to directly initiate a Phase Ib clinical trial by accepting the data generated in the investigator-initiated trial under strict

GCP-compliant conditions. The U.S. FDA also granted CT041 the Orphan Drug designation for the treatment of gastric/gastroesophageal junction cancer in 2020. The EMA granted the Orphan Medicinal Product designation to CT041 for the treatment of gastric cancer in 2021. We have applied to the NMPA for the required regulatory approval for initiating the pivotal Phase II clinical trial in China. Following the pivotal trial, we plan to submit the NDA to the NMPA in the second half of 2022 for the treatment of gastric cancer patients who have failed at least two prior lines of systemic therapies. We also intend to conduct a pivotal Phase II trial in the United States in 2022 and submit the BLA to the U.S. FDA in 2023.

Both gastric and pancreatic cancers represent large addressable markets with significant unmet medical needs. According to Frost & Sullivan, the incidence of gastric cancer reached 455,800 and 27,500 in 2019 in China and the United States, respectively, and the five-year survival rate of gastric cancer is approximately 32% globally. It is also the second most prevalent cancer type in China. In 2019, the incidence of pancreatic cancer was 108,400 and 56,800 in China and the United States, respectively, and the five-year survival of pancreatic cancer is 6% globally. Currently, there is no effective treatment that benefits a broad range of patients with gastric or pancreatic cancer. The standard of care, or SOC, for gastric cancer is systemic chemotherapy, which shows a limited efficacy with an ORR of approximately 25%, a median PFS of approximately 3-6 months and a median OS of approximately 8-13 months as a first line therapy. In ATTRACTION-2 study, Nivolumab as a third or later line gastric cancer therapy had an ORR of 11.2%, a median PFS of approximately 1.6 months and a median OS of 5.3 months. In KEYNOTE-059 study, Pembrolizumab had an ORR of approximately 11.6%, a median PFS of approximately 2 months and a median OS of 5.6 months. The SOC for first-line pancreatic cancer treatment is systemic chemotherapy, which likewise exhibits a limited efficacy with an ORR of 19-33% and an OS in the range of 6-11 months. There is no SOC for second-line pancreatic cancer treatment, and the available second-line treatment options typically have poor ORR of single digit and brings a marginal survival benefit. In addition, only approximately 1-2% of pancreatic cancer patients are eligible for the anti-PD-1/PD-L1 treatment. As CLDN18.2 is reported to be prevalently expressed in the cancer tissues of 70-80% gastric cancer patients and approximately 60% pancreatic cancer patients, as determined by immunohistochemistry staining, we believe there is a significant market opportunity for CT041.

Globally potential first-in-class GPC3 CAR-T product candidate for HCC

CT011 is a globally potential first-in-class CAR-T product candidate with proof-of-concept clinical data for the treatment of HCC. Our co-founder, CEO and Chief Scientific Officer Dr. Li led the world's first successful effort in identifying, validating and reporting GPC3 as a tumor-associated target for the development of CAR-T therapies to treat HCC, according to Frost & Sullivan.

CT011 exhibited a promising safety and efficacy profile in the investigator-initiated trials for the treatment of HCC in China. The first-in-human, investigator-initiated trial of CT011 was conducted at Renji Hospital in Shanghai. The results of the completed trial showed that CT011 was generally tolerable for patients who have been heavily treated. As of the data cutoff date July 24, 2019, among the 13 treated patients, only one patient experienced Grade 3 or higher CRS and no patient experienced Grade 3 or 4 neurotoxicity or CAR-T cell-related infusion reactions. The ORR was approximately 20%, and the overall survival rates of treated patients at 3 years, 1 year, and 6 months were 10.5%, 42.0%, and 50.3%, respectively, with a median OS duration of 278 days (39.7 weeks). These results were published in Clinical Cancer Research, a peer-reviewed medical journal with an impact factor of over 10 in 2020 published by the American Association for Cancer Research, the world's largest professional association related to cancer research. By the end of 2020, one patient with sustained disease-free survival had been alive for over five years since receiving the CT011 treatment.

We obtained IND clearance from the NMPA for CT011 in 2019, which is the first IND clearance by the NMPA for the use of CAR-T therapy to treat solid tumors, according to Frost & Sullivan. Globally, CT011 received the first IND clearance among all GPC3-targeted CAR-T product candidates under IND clinical development as of the Latest Practicable Date, according to Frost & Sullivan. We have initiated an open-label, single-arm, multicenter Phase I clinical trial in China to evaluate the safety, cellular kinetics and efficacy of CT011 in patients with GPC3 positive advanced HCC, rendering it the first CAR-T product candidate globally for HCC that enters a clinical trial under an approved IND according to Frost & Sullivan. We plan to submit a subsequent application to the NMPA for a Phase II clinical trial of CT011 in GPC3 positive HCC patients in the second half of 2021 and initiate the trial upon approval.

We believe CT011 is well positioned to address the significant unmet medical needs for HCC treatment, as GPC3 is expressed in the cancer tissues of 70-80% of HCC patients in China and globally, and our initial clinical trial results have demonstrated a promising efficacy and safety profile of CT011 in HCC patients. According to Frost & Sullivan, the incidence of HCC is 369,400 and 37,800 in 2019 in China and the United States, and the five-year survival rate of HCC patients is only approximately 11% globally. The current standard of care for HCC is chemotherapy with tyrosine kinase inhibitors, or TKIs, which result in a very limited ORR of less than 10% and an OS of around 10-12 months. The first approved combination therapy of PD-1/PD-L1 inhibitors and TKIs in the first line setting can achieve an ORR of 28% and a median PFS of 6.8 months. Currently, there are no treatment options available for metastatic or local advanced HCC patients who have failed PD-1/PD-L1 inhibitors and TKIs. However, our available clinical data suggest that CT011 may still be effective in such patients regardless of their prior exposure to PD-1/PD-L1 inhibitors and/or TKIs.

Proprietary technologies and platforms to address major challenges of CAR-T therapies

Despite the vast potential of CAR-T cell therapies, there are a number of major challenges in developing CAR-T cell therapies, including incidence of severe CRS, limited efficacy in treating solid tumors, and high treatment costs. Our integrated research and development platform, which spans from target discovery and lead antibody optimization to clinical development CAR-T product candidates, has enabled us to streamline innovation and develop our proprietary antibody discovery platform and next-generation CAR-T technologies to address these major challenges.

CRS results from rapid immune activation induced by CAR-T cells and is one of the most prevalent treatment-related toxicities following infusion of CAR-T cells. The clinical signs of CRS correlate with T cell activation and high levels of cytokines in patient's blood samples. Because the CAR construct used to generate the CAR-T cells is a potential source of severe CRS, it is crucial to design the CAR construct with balanced properties with both high target-binding affinity and efficacy on the one hand and safety on the other. We are able to leverage our own antibody platform, powered by a fully human phage display library and improved hybridoma technology, to identify and optimize antibody fragments with higher specificity for tumor targets and increased stability, which lead to reduced auto-activation of CAR-T cells in the absence of tumor targets and controlled level of cytokine release. As a proof-of-concept of our antibody engineering capabilities, we have developed CT053, which has not induced Grade 3 or higher CRS in the investigator-initiated trials and the Phase I clinical trials and allowed less administration of anti-IL-6 medication and other immunosuppressant as of the respective data cutoff date of the ongoing investigator-initiated trials and clinical trials.

We are also exploring and developing various methods to address challenges underlying the treatment of solid tumors with CAR-T therapy, such as selection of solid tumor-associated targets, the low CAR-T cell infiltration into tumor masses and the limited persistence of CAR-T cells due to the adverse solid tumor microenvironment. Leveraging our in-depth competency in research and development of CAR-T therapies, we are capable of screening for solid tumor-associated targets. For example, we are the first in the world to successfully identify, validate and report CLDN18.2 and GPC3 as tumor-associated antigens for CAR-T therapies against gastric cancer, pancreatic cancer and HCC, according to Frost & Sullivan. Our CAR-T product candidates, CT041 and CT011, that specifically recognize these targets have shown promising safety and efficacy profiles in clinical trials, in particular when CT041 is combined with our innovative FNC preconditioning regimen. Beyond target selection, we are investing significant resources to develop our next-generation CAR-T technologies, such as Combo-CAR, which explores the optimal combination of CAR-T therapy with other therapeutics, such as the tyrosine kinase inhibitor sorafenib, to potentially improve the efficacy of CAR-T cell therapy by overcoming the hostile tumor microenvironment; and CycloCAR, which co-expresses cytokines IL-7 and chemokine CCL21 and potentially has greater clinical efficacy and reduced requirement for lymphodepletion conditioning.

While the highly complex process and personalized nature render CAR-T product manufacturing costly, we have established our in-house end-to-end clinical and commercial manufacturing capabilities for all stages of CAR-T manufacturing, to reduce the overall costs of CAR-T manufacturing. Furthermore, we are developing our proprietary allogeneic CAR-T technology THANK-uCAR, designed to generate high-quality, universal allogeneic CAR-T cell therapies that are readily available "off-the-shelf" at lower cost. We have two patent applications on the THANK-uCAR technology. Our THANK-uCAR technology modifies T cells collected from healthy donors to reduce the possibility of graft versus host disease and rejection of the CAR-T cells administered to patients. We also engineered a CAR construct that enables the THANK-uCAR T cells to avoid NK cell rejection and increase their persistence. Currently we are characterizing and optimizing THANK-uCAR technology in pre-clinical studies. We believe it could potentially overcome inefficient expansion and persistence of allogeneic CAR-T cells and eventually lower the cost of CAR-T therapy for a broad range of patients, including those less suitable for autologous CAR-T cell therapies.

China's first licensed CAR-T manufacturing facilities with in-house viral vector capabilities

We manage a clinical manufacturing facility in Xuhui, Shanghai with a total GFA of approximately 3,000 sq.m. and a manufacturing capacity to support the CAR-T treatment of 200 patients every year. Our Xuhui facility, launched in April 2017, has supported early-stage clinical trials of our product candidates in China and achieved over 95% manufacturing success rate. We determine the manufacturing success rate by dividing (a) the number of patients for whom the CAR-T cells are manufactured and released by the quality assurance department by (b) the number of patients undergone apheresis for CAR-T manufacturing. The relevant numbers are derived from our records of all of the investigator-initiated trials and Phase I clinical trials from 2017 to the end of 2020 that were supported by our Xuhui facility. We expect our manufacturing success rate to further improve as we accumulate more experience and further refine the manufacturing process such as employing a closed process system, improving the management of raw materials and strengthening the training for operators of our manufacturing facilities. We have also completed the construction of our commercial manufacturing facility located in Jinshan, Shanghai with a total GFA of approximately 7,600 sq.m and with multiple independent clean areas which allows flexible, concurrent processing of multiple patient samples without cross-contamination. We expect our Jinshan manufacturing facility to support CAR-T treatment of up to 2,000 patients annually. The Jinshan facility passed the on-site inspection conducted by the SHMPA and obtained the first manufacturing license issued in China for CAR-T cell therapy.

Both of our manufacturing facilities feature fully integrated, in-house capabilities that cover all three stages of CAR-T manufacturing, including production of plasmids, generation of lentiviral vectors and CAR-T cell product manufacturing. By leveraging our strong manufacturing know-how and internalizing the entire manufacturing process, we are able to meet rigorous quality standards, shorten the process time, improve the yield, eliminate added expenses incurred by third parties, and reduce the overall costs of CAR-T manufacturing. For example, our in-house lentiviral manufacturing platform enables us to produce a large number

of lentiviral vectors from a single batch preparation with a yield that may serve hundreds of patients. We believe that our full suite manufacturing capability will enable us to effectively reduce cost, enhance product quality and increase flexibility to allow faster vein-to-vein treatment time.

Furthermore, with the combination of a rich product pipeline and a larger addressable market, we expect to derive significant associated economies of scale, which will enable us to further reduce our production cost per patient. In order to cater to the anticipated significant market demand for our product candidates once approved for commercialization, in particular the ones to treat solid tumors with high incidence, we are planning for a second-phase expansion of our Jinshan facility to add an additional total GFA of approximately 9,600 sq.m. and an additional manufacturing capacity to service up to an additional 5,000 patients in China and in selected overseas markets each year. We anticipate to commence full operation of the expanded facility in 2023. We also plan to commence the construction of the manufacturing facilities in the United States in the second half of 2021 as an important step of our strategy to build a vertically-integrated set of operations globally.

Experienced senior management team and strong shareholder support

We have assembled an experienced management team comprised of well-known academic professionals and seasoned industry veterans that collectively cover every step of our product discovery and development cycle. Led by our co-founder, CEO and Chief Scientific Officer, Dr. Zonghai Li, our senior management team has deep experience in the biopharmaceutical field and brings extensive research and development experience from academia, governmental institutions and pharmaceutical company to our Company. We believe our management's complementary expertise in industry and academia differentiates us from and will continue to propel us ahead of our peers.

Dr. Zonghai Li, our co-founder, CEO, Chief Scientific Officer and Chairperson of our Board, is a one of the leading researchers in the field of CAR-T cell therapies and has published over 100 peer-reviewed scientific papers in renowned scientific journals such as Journal of the National Cancer Institute, Molecular Therapy (Journal of the American Society of Gene Therapy), and Clinical Cancer Research (an official journal of the American Association for Cancer Research). Dr. Li published the world's first research on CLDN18.2 and GPC3 as solid tumor-associated antigens for the development of CAR-T therapies. Dr. Li is the inventor of more than 200 patents or patent applications and spearheaded the inventions of Hpd3cell, a new phage display technology for screening and selection of suitable antibodies, FR806, a new safety switch for CAR-T cell therapy, and CycloCAR technology, which potentially is able to increase the antitumor activities of CAR-T cells.

Dr. Huamao Wang, our co-founder and COO, has years of experience in cell and gene therapy, including biologics CMC, antibody and CAR-T development and assay development. Dr. Wang led the establishment of our CAR-T manufacturing platform that received the first Manufacturing License for Pharmaceutical Products for CAR-T cell products in China. Prior to founding Carsgen, Dr. Wang co-founded Shanghai Ruijin Biotechnology in 2009 and served as the deputy general manager. Dr. Wang also co-founded Yijie Biotech (Shanghai) in 2011 and served as the general manager.

Dr. Hong Ma, our Senior Vice President, Clinical Development, is a seasoned industry veteran as a clinical oncologist in cancer immunotherapy and orphan drug development. Dr. Ma has in-depth experience in the development of cellular therapy programs in the United States and the EU, and has made significant contributions in obtaining several IND and CTA approvals in the United States and other countries. Before joining us, Dr. Ma held management positions and served in senior clinical development roles at Immatics Biotechnologies GmbH, Bellicum Pharmaceutical, Inc. and Endocyte, Inc., among others.

Dr. Yong Fan, our Senior Vice President, Global Regulatory Affairs, has in-depth experience in the development of cellular and gene therapy products. Dr. Fan previously served at the U.S. FDA in several roles in charge of reviewing medical devices used in the manufacturing of cellular therapy products performing pre-licensure inspections and CBER and CDRH compliances. Dr. Fan was actively involved in multiple committees of the U.S. FDA and served as the U.S. FDA liaison to professional organizations such as the American Association of Blood Banks, and the Foundation of Accreditation for Cellular Therapy. Dr. Fan received the FDA Outstanding Service Award and the CBER Technical Excellence Award while working at the U.S. FDA.

Dr. Wei Wang, our Vice President, Clinical Development, has accumulated extensive experience in clinical development, medical affairs and pharmacovigilance. Dr. Wang had previously worked at large global pharmaceutical companies such as Merck, Novartis and Pfizer.

We believe our success is, to a large extent, also the product of our stable core discovery team led by Dr. Li, which serves as the foundation for our continuous innovation. Our core discovery team has established a highly efficient process and strong execution capabilities from early discovery of tumor-associated targets to validation and development of CAR-T product candidates. Since our inception, our team has discovered and self-developed a pipeline of 11 product candidates, including five clinical-stage CAR-T product candidates that achieved a total of seven IND clearances in China, the United States and Canada, representing the largest number of IND clearances for CAR-T therapies received by companies headquartered in China according to Frost & Sullivan.

Since our establishment, we have received investments and support from experienced healthcare investors in China, including BVCF, Hillhouse Capital, JT Investment Fund, LAV, LVC, Shiyu, Summer Capital and Sunshine Insurance. We believe this blue-chip investor and shareholder base is a testament to our capabilities and prospects.

OUR STRATEGIES

We intend to capitalize on the progress made with our existing pipeline and platform technologies through the following strategies, with an aim to bring innovative and differentiated cell therapies for cancer patients worldwide.

Rapidly advance the global clinical development and commercialization of CT053

With the promising safety and efficacy results observed in clinical trials to date on CT053 for the treatment of R/R MM, we intend to expedite our clinical development of CT053 globally and achieve commercialization in China by 2022 and in the United States by 2023.

In China, we have launched a pivotal Phase II trial following the consultation with and permission of the NMPA in China in November 2020 and expect to enroll up to 100 patients for this trial. We anticipate to complete our Phase II trial by the end of 2021 and submit a NDA to the NMPA in the first half of 2022 for approval of CT053 in MM patients who have received at least three prior lines of therapies.

In the U.S., we are conducting an open-label, multi-center Phase Ib clinical trial of CT053. We are completing our Phase Ib trial and communicating with the U.S. FDA regarding the initiation of a pivotal Phase II trial. We aim to complete the Phase II trial and submit a BLA to the U.S. FDA in the first half of 2023. Beyond North America, we also plan to expand the footprint of CT053 into other major markets globally such as Europe and Japan by conducting additional clinical trials as necessary.

Additionally, given the significant unmet need for effective treatments for MM, as well as the favorable safety and promising efficacy profile, we intend to explore clinical opportunities to advance CT053 into earlier lines of treatment. Current standards of care for MM, including immunomodulatory imide drugs, or IMiDs, proteasome inhibitors and anti-CD38 monoclonal antibodies, continue to experience significant limitations, and no approved treatments have been able to consistently demonstrate curative capability or produce long-term disease remissions. As such, through advancing CT053 into earlier lines of treatment, we aim to provide a potentially curative solution to a broader population of MM patients around the world, while potentially alleviating the financial burden of the patients and the healthcare system by dispensing costly yet less effective therapeutics. We are also planning for a randomized global Phase III trial to assess CT053 as an earlier line of treatment for R/R MM. We believe CT053 is well positioned to potentially reshape the treatment paradigm for MM and become a foundational treatment for MM patients going forward.

Further enhance our leadership in solid tumors by rapidly advancing the clinical development of CT041 as a globally potential first-in-class CLDN18.2 CAR-T product candidate

Our solid tumor programs represent a core part of our platform and a critical component of our future growth strategy. We believe our proprietary technologies have the potential to solve major challenges CAR-T cell therapies have faced when treating solid tumors, which account for a substantial proportion of all cancer incidences globally.

Our solid tumor platform is spearheaded by CT041, a potential first-in-class CLDN18.2 CAR-T product candidate for the treatment of solid tumors such as gastric and pancreatic cancers. We are quickly moving CT041 through clinical trials in both China and the United States. Building upon on the investigator-initiated trials which showed promising efficacy of CT041, we initiated a Phase Ib/II trial in China in October 2020 and anticipate to complete the studies in 2022, with a view to submit our NDA to the NMPA in the second half of 2022. In addition, following the successful IND clearance and grant of Orphan Drug Designation by the U.S. FDA in 2020, we have initiated an open-label, multicenter Phase Ib clinical trial in the United States for patients with advanced gastric/gastroesophageal junction cancer or pancreatic cancer. We intend to conduct a pivotal Phase II trial in the United States and plan to submit the BLA to the U.S. FDA in 2023. CT041 also received the Orphan Medicinal Product designation for the treatment of gastric cancer from the EMA in 2021. We are considering pivotal Phase II clinical trials in Canada, Europe and Asia-Pacific countries in patients with gastric/gastroesophageal junction cancer and pancreatic cancer. Going forward, we plan to develop CT041 as an earlier line treatment for CLDN18.2 positive solid tumors.

Given the significant incidence of gastric and pancreatic cancers in China and the United States, as well as the fact that a substantial portion of these patients eventually suffer relapse or disease progression, we believe CT041 has the potential to become a backbone therapy for gastric and pancreatic cancers in the future and benefit a large population of patients worldwide. We also plan to advance CT041 into earlier or front lines of treatment based on its encouraging safety and efficacy results demonstrated in the clinical trials thus far.

Moreover, we believe our discovery of CLDN18.2 as a novel, viable target has the potential to open new frontiers in cell therapy. In addition to being a potentially groundbreaking cell therapy for gastric and pancreatic cancers that shifts conventional views of the safety and efficacy limitations of CAR-T treatments in solid tumor settings, we believe CT041 can also be applied to other cancers that express CLDN18.2 and represent significant unmet medical needs. Going forward, we intend to continue our studies in these indications and will continue to explore ways to expand the applications of CT041, both as a single agent and in combination with other therapies. Beyond cell therapy, we intend to continue advancing our CLDN18.2-targeted monoclonal antibody, AB011, either by ourselves or through strategic partnerships with qualified and reputable third parties to further unlock the therapeutic potential of CLDN18.2 as a tumor-associated target for various challenging solid tumor indications.

Continue to develop and advance CT011 as a globally potential first-in-class GPC3 CAR-T product candidate and expand our treatment coverage to other types of solid tumors

Our solid tumor platform is also headlined by CT011, a potential first-in-class GPC3 CAR-T product candidate. Since GPC3 is highly expressed in various solid tumor types, such as HCC and non-small-cell lung carcinoma, or NSCLC, we have initiated a Phase I clinical trial in China to evaluate the safety, cellular kinetics and efficacy of CT011 in patients with GPC3 positive advanced HCC. Upon completion of the Phase I trial, we plan to quickly advance CT011 into a Phase II clinical trial in China, which we anticipate to commence subsequent to our consultation with the NMPA expected in the second half of 2021. While we have to date primarily focused our clinical development efforts of CT011 in China, we also plan to explore clinical opportunities in other key markets such as the U.S., Europe and Japan.

Additionally, we intend to expand the clinical applications of CT011 through combination approaches and indication expansion. We plan to leverage our Combo-CAR technology to explore treatment regimens that combine CT011 with other therapeutic agents, such as a TKI, which we believe have the potential to be more effective than as standalone treatments. For example, our pre-clinical results have shown promising signs of the CT011/sorafenib combination being potentially better equipped to overcome the hostile microenvironment in solid tumors. In parallel, we also plan to deploy a similar indication expansion strategy as CT041 by exploring additional solid tumor indications that feature prevalent or high expression of GPC3, such as NSCLC, with an aim to broaden the therapeutic potential of CT011.

Our multifaceted approaches to expand the clinical applications of CT011 all contribute to our strategy to build a comprehensive solid tumor CAR-T platform. Together with CT041, we believe we are well-positioned to build a leading, innovative product portfolio that not only targets a broad array of solid tumors where there continues to be significant unmet medical needs, but also represents a paradigm-shifting advancement for cell therapies and cancer therapeutics.

Leverage our proprietary CAR-T technologies to build a comprehensive product portfolio

All of our products developed to date have originated from our proprietary research and development platforms. We plan to continue leveraging on our platforms and our in-depth expertise to develop innovative technologies and products to address the major challenges of CAR-T therapies. We will continue our rigorous and unremitting efforts to discover novel targets and biomarkers, develop antibodies, design optimal CAR constructs and ultimately manufacture potentially best-in-class or first-in-class products that may transform existing standards of care.

Our approach to product development involves four key pillars: (1) developing the next-generation CAR-T technologies to enhance the efficacy and safety of our products; (2) developing allogeneic CAR-T products that are readily available "off-the-shelf" at lower costs; (3) exploring potential combination approaches to boost the therapeutic effects of single agents; and (4) identifying new targets and approaches to tackle new indications.

Developing next-generation CAR-T technologies to enhance the efficacy and safety of our products: Limiting the incidence of severe CRS and achieving adequate efficacy in treating solid tumors remain two of the most challenging issues for CAR-T therapies today. We will continue following our holistic approach to both utilize our established technology platform and develop new approaches to further strengthen the efficacy and safety of our CAR-T treatments. For example, through CycloCAR, we genetically modify T cells to express two additional cytokines, IL-7 and CCL21, to promote infiltration of both T cells and dendritic cells into tumor tissues and enhance the survival of CAR-T cells. We also plan to further enhance our proprietary antibody platform, which plays a critical role in our development of CAR-T products by enabling us to identify and engineer optimal antibody fragments with desired characteristics to, among others, limit levels of cytokine release.

Developing allogeneic CAR-T technologies that are readily available "off-the-shelf" at lower costs: We deem it a key component of our future developmental strategy to advance allogeneic CAR-T technologies through our THANK-uCAR program, which we believe has the potential to significantly reduce production costs, render CAR-T treatments more affordable, and make the treatments readily available, which is especially critical for diseases that progress rapidly. Moreover, with cells sourced from healthy donors, allogeneic CAR-T cells may be superior than the autologous CAR-T cells derived from cancer patients in multiple attributes. We plan to continue developing our THANK-uCAR program with the aim to make our CAR-T therapies better, safer, faster and cheaper. We intend to invest significant resources to establish a diverse pipeline of allogeneic CAR-T therapies by deploying the CAR constructs we engineered for our autologous product candidates, therefore achieving synergies with our existing and future autologous CAR-T assets.

Exploring potential combination approaches (Combo-CAR): We have launched our Combo-CAR program and are pursuing combination approaches with our products in order to not only solve pre-existing challenges that CAR-T therapies face, but also to discover ways to further improve and optimize the efficacy of CAR-T therapies. Furthermore, clinical results to date have shown that our CAR-T product candidates generally have strong efficacy and safety profiles, which we believe will make our CAR-T treatments promising candidates as backbone treatments for potential combination therapies. We are conducting, and plan to continue our research and development programs through our Combo-CAR technology. We have investigated the combinations of our different CAR-T product candidates with a TKI, poly I:C and a Poly (ADP-ribose) polymerase inhibitor (PARPi) in preclinical studies and all showed improved anti-tumor efficacy of our CAR-T product candidates in solid tumor settings. As we continue to progress through these programs, we plan to ultimately introduce these into clinical trials, with an aim to ultimately provide patients with safer and more effective CAR-T treatments.

Identifying new targets and approaches to tackle new indications: We will deploy our antibody platform to discover new ways to expand the applications and indications of our CAR-T portfolio. Modeling from our successes with CT041 and CT011 to date, where we were first in the world to demonstrate CLDN18.2 and GPC3 as targets for CAR-T cell therapies, we aim to continue discovering novel targets and approaches for CAR-T development and expanding into other cancer types where there continue to be a significant unmet medical need, such as glioblastoma.

Expand full-scale manufacturing and commercialization capabilities

Beyond the development of our product candidates, we plan to expand our manufacturing and commercialization capabilities in order to effectively and efficiently bring our product candidates, once they are approved for marketing, to patients around the world.

Manufacturing: We believe a critical component of our success will be to leverage and expand on our proprietary manufacturing expertise to achieve superior cost efficiency while maintaining high standards of quality during production.

As we prepare ourselves for the impending launch of our products, we plan to further scale up our own fully-integrated manufacturing facilities to not only support the anticipated demand, but also to achieve further cost efficiency through economies of scale. We are planning a second-phase expansion of our Jinshan manufacturing facility, for which we expect to commence the construction in the second half of 2021 and complete by 2023. We expect the expansion can service up to an additional 5,000 patients annually. We also have the ability to further expand our manufacturing facility through a third-phase expansion and increase the capacity to support the treatment for more cancer patients in the future. If needs arise, we will deploy our manufacturing facility as the global manufacturing base to support our clinical trials and future product development and commercialization overseas. Moreover, we plan to construct commercial manufacturing facilities in the United States in the second half of 2021 as an important step of our strategy to build a vertically-integrated set of operations globally. The facility is designed with a manufacturing capacity to support CAR-T treatment for approximately 3,000-5,000 patients annually.

Commercialization: We have started establishing our sales and marketing team through the hiring of Mr. YU Rong as our Director of Strategic Planning in December 2020. Mr.Yu has over 12 years of working experience at renowned global pharmaceutical companies and has rich experience in brand management and strategic planning. We aim to build a sales and marketing team of over 70 members by the end of 2022. In China, we intend to build up a dedicated sales and marketing team with a focus on key Class III Grade A hospitals in tier one cities and selected tier two cities across China that are equipped to administer CT053 CAR-T cell therapy and other treatments for hematological malignancies in their hematology department. We also plan to broaden our footprint into oncology departments as we approach the launch of CT041 and other solid-tumor product candidates. Going forward, we will also build out our sales and marketing force to cover other key markets such as the United States and Europe. During the initial phase of our global expansion outside of China, we may also

consider collaborating with local CSOs to ensure we are able to cover all of the top-tier medical institutions in the region. Our sales and marketing team will also introduce a tailored product education curriculum, where medical professionals can learn how to properly administer and monitor our treatments, while promoting awareness of our brand within the scientific and medical communities as a leading, innovative company that produces best-in-class or first-in-class CAR-T products. We will also explore potential medical and commercial insurance coverage on our products to provide affordable CAR-T treatment to patients.

Further enhance our fully-integrated platform and solidify ourselves as a leading cell therapy franchise globally

Building upon the progress we have made to date, we aim to further solidify our franchise as a leading global cell therapy platform that impacts patients all over the world with our potentially first-in-class or best-in-class CAR-T treatments for a broad range of hematological malignancies and solid tumors. We intend to focus our continued growth and development in all facets of our platform, including our integrated research and development competencies, diverse product portfolio, next-generation CAR-T technologies, and manufacturing and commercialization capabilities. Taken together, we strive to move closer to our ultimate vision to make cancer curable.

While we have traditionally focused and will continue to view in-house research and development as our primary strategy for pipeline expansion, we may also explore potential in-licensing, out-licensing or acquisition opportunities in the future if we identify any unique products and technologies that we perceive to be not only groundbreaking within the cell therapy industry but also complementary to both our existing portfolio and the ethos of our company. We believe that our strong research and development expertise and extensive technological knowhow will enable us to identify potential innovative targets to enrich our product portfolio and make us a preferred partner in the field of cell therapy.

Furthermore, we believe a key part of the future success of our Company will be our people. Since the establishment of our Company, the strength of our platform has been underpinned by our people and culture. Our experienced leadership, top-tier research and development team, strong track record and robust training and development programs have enabled us to attract and retain highly talented professionals. Recognizing and encouraging the innovation and growth of our in-house talents will continue to be our key focus, as we plan to continue to recruit more high quality talents specializing in clinical development, regulatory affairs, manufacturing, and sales and marketing of innovative therapeutics in both China and globally going forward. We plan to expand our global team covering the United States, Europe, Japan and other regions, to support our expanding research and development efforts as well as future commercialization of our products.

CAR-T CELL THERAPY

Cancer originates from cells that have developed mutations in essential cellular pathways, driving uncontrolled proliferation of abnormal cells. The immune system, consisting of the innate immune system and the adaptive immune system, recognizes danger signals and responds to threats accordingly. The innate immune system is a first line of defense that responds to a particular triggering event in the same way every time such triggering event appears. The adaptive immune system is composed of highly specific cells such as B cells and T cells and involve sophisticated mechanisms including antibody production and cytotoxicity to defend against pathogens or cancerous cells. A triggering event previously processed and "memorized" by the adaptive immune system will result in a much faster and more robust adaptive immune response if such triggering event appears again.

A critical component of the adaptive immune system is the T cells, which survey the body for "foreign" small protein fragments, or peptides, that may signal the presence of a threat such as cancerous cells. Once bound to such foreign peptide through their specialized surface receptors, T cells are activated to kill cancerous cells bearing such peptide. However, T cells may not always be able to launch an effective defense against cancerous cells due to a number of reasons. For example, cancer cells may closely resemble healthy cells and go unnoticed, or tumors may lose the expression of the protein being targeted by the immune system. Moreover, cancer cells employ a number of mechanisms to escape immune detection or to suppress the function of these immune cells by creating a hostile tumor microenvironment.

To override some of these processes, CAR-T technology was developed over the past two decades. CAR-T cells are T cells that are genetically engineered to express a CAR that is made up of parts of several proteins. Partly derived from monoclonal antibodies, CARs provide T cells with tumor targeting specificity by recognizing particular antigens on the tumor cells, which then allow the activation of CAR-T cells and subsequent elimination of such tumor cells. By redirecting the immune system to eliminate malignant cells, CAR-T cells act as a living drug against of tumors.

CAR-T cells can be classified as either autologous or allogeneic. Autologous CAR-T cells are derived from the T cells of the cancer patient while allogeneic CAR-T cells are derived from the T cells of a healthy donor. Theoretically, CAR-T cells can be engineered to target virtually any tumor-associated antigen. However, due to the proven difficulty of treating solid tumors with CAR-T cells, approved CAR-T therapies to date are exclusively for the treatment of hematologic malignancies. In 2017, the first two CAR-T cell therapies were approved by the U.S. FDA: Kymriah (marketed by Novartis AG) for pediatric B cell acute lymphoblastic leukemia and Yescarta (marketed by Kite Pharma, Inc., a Gilead Sciences, Inc. company) for diffuse large B cell lymphoma. In 2020 and 2021, the third and fourth CAR-T cell therapy, Tecartus (marketed by Kite Pharma, Inc. a Gilead Science, Inc. company) and Breyanzi (marketed by Bristol-Myers Squibb Company), were approved by the U.S. FDA for R/R mantle cell lymphoma and R/R large B cell lymphoma, respectively. In 2021, the fifth CAR-T cell therapy, Abecma (marked by Bristol-Myers Squibb Company and bluebird bio, Inc.) was approved by the U.S. FDA for R/R MM. We are developing CAR-T product candidates and

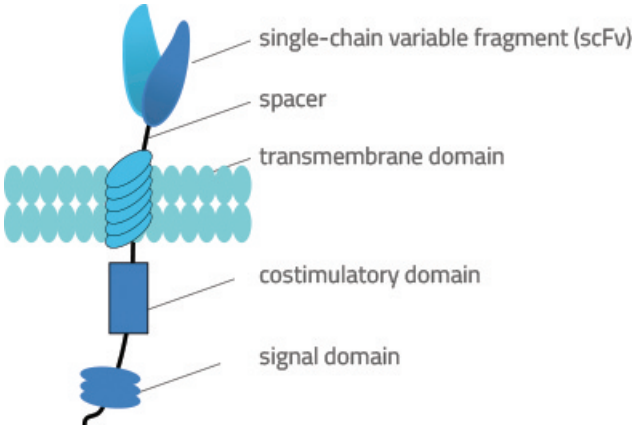
technologies that we believe will be effective and safe for the treatment of various types of solid tumors. In addition, we are developing allogeneic CAR-T technologies with an aim to produce high-quality, universal allogeneic CAR-T cell therapies that are readily available "off-the-shelf" at a lower cost.

OUR CAR-T TECHNOLOGIES

We believe that our current CAR-T technologies deployed to develop our product portfolio and our next-generation CAR-T technologies under development would propel us ahead of our peers. Our current CAR-T technologies are supported by our fully-integrated research and development platform, which enables us to identify new therapeutic targets that lead to potential CAR-T therapies with lower toxicities, enhanced specificity, improved efficacy and greater durability. For additional information on our research and development platform and capabilities, see "— Research and Development." We are focusing on upgrading our CAR-T technologies to enable effective therapeutic effects against solid tumors by exploring next-generation CAR-T technologies to develop novel CAR-T therapies that overcome certain challenges facing the industry.

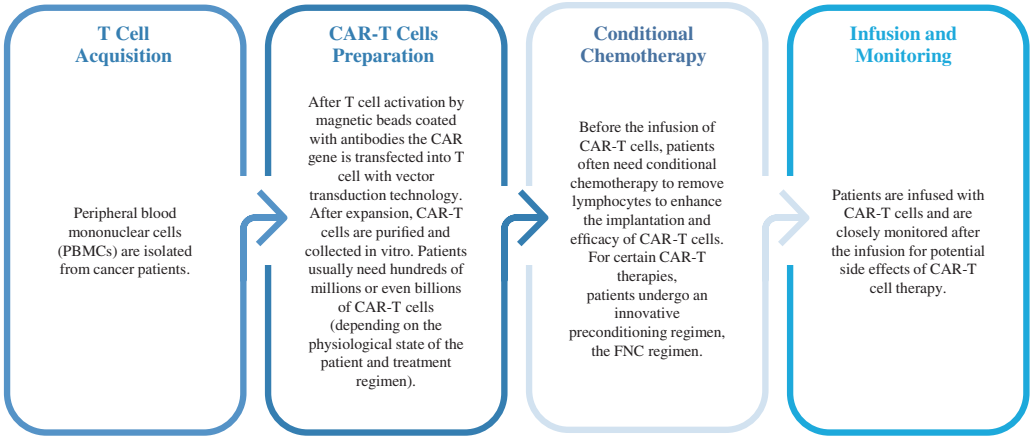
Conventional CAR Construct and Therapeutic Process

CAR-T cells are genetically engineered to express CAR proteins that can specifically identify tumor-associated antigens. For our current portfolio of clinical-stage CAR-T product candidates, the extracellular portion of a CAR protein usually consists of a single-chain variable fragment that recognizes target tumor-associated antigens that are expressed on the surface of the cancer cells. The intracellular portion of a CAR protein usually contains one costimulatory domain (e.g., CD28 or 4-1BB) which promotes the activation, proliferation and cytokine secretion of the CAR-T cells, as well as a T cell signal transduction domain (CD3-ζ) which mediates intracellular signal transduction pathways during CAR-T cell activation. Once the CAR protein binds to the target antigen on the surface of tumor cells, it sends activation signals from outside of the CAR-T cell to the inside of the CAR-T cell, and the intracellular domain of a CAR protein then promotes T cell expansion and trigger subsequent effector functions that kill the recognized tumor cells. The following diagram illustrates the structure of a CAR protein.



Source: Company information

Our current clinical-stage CAR-T product candidates are autologous CAR-T cells and target hematological malignancies or solid tumors. As depicted below, the therapeutic process of autologous CAR-T cells consists of four major steps: (1) a patient's white blood cells are isolated (leukapheresis), (2) the CAR-T cells are prepared by introducing vectors that contain genes encoding the designed CARs into T cells and expanding the CAR-T cells until it reaches the desired quantity, (3) whilst preparing the CAR-T cells, the patient simultaneously undergoes preconditioning chemotherapy (also called lymphodepletion), typically via administration of chemotherapeutic agents such as cyclophosphamide and/or fludarabine to reduce immunological rejection against the engineered CAR-T cells and enhance the efficacy of CAR-T cells once infused. We have developed an innovative preconditioning regimen, the FNC regimen, for certain CAR-T therapies; and (4) the genetically engineered CAR-T cells are infused back into the patient and the patient is monitored for adverse effects as well as treatment efficacy. The whole therapeutic process of CAR-T typically takes approximately one to two months with the first two to three weeks primarily for the preparation of CAR-T cells. We implement rigorous quality assurance and control measures to ensure delivery of consistent, high-quality product candidates. For additional information, see "— Chemistry, Manufacturing and Controls."



Source: Company information

Our Solutions to Challenges in Treating Solid Tumors with CAR-T Therapies

Despite the promising progress in the treatment of hematological malignancies with CAR-T therapies as a modality, it has been significantly more challenging to achieve success in treating solid tumors with CAR-T therapies due to a variety of factors, such as difficulties in identifying solid tumor-associated antigens, target antigen heterogeneity, and limited CAR-T infiltration and persistence in tumor masses due to the immunosuppressive tumor microenvironment, among others.

We are investing significant resources and leveraging our expertise and capabilities to enhance various aspects of CAR-T therapies to tackle the major challenges, with an aim of improving the efficacy of CAR-T therapy in treating solid tumors. For example, we have developed an innovative preconditioning regimen (the "**FNC regimen**") for patients with solid tumors before infusion of our CLDN18.2-specific CAR-T cells, CT041, which features the addition of nab-paclitaxel to the conventional preconditioning regimen using cyclophosphamide and fludarabine. In the investigator-initiated trial conducted at Beijing Cancer Hospital to evaluate CT041 as a second-line or third-line treatment for gastric cancer, 11 out of 22 patients who received the FNC regimen showed partial responses to the CAR-T therapy as of the data cutoff date December 18, 2020 with a median follow-up of 5.7 months, representing an ORR of 50%, which is significantly higher than the ORR in the range of single-digit percentage observed or expected for chemo therapy or the ORR of approximately 12% in reported studies of PD-1/PD-L1 therapy as third-line treatments for gastric cancer. Objective Response Rate is the percentage of patients who have a partial or complete response to the treatment. We believe the significant improvement of ORR for CT041 was mainly attributable to (i) CLDN18.2 is a rational target for cancer treatment with high expression in solid tumors, (ii) CAR-T cell therapies are potentially more potent than other treatment therapies, as evidenced in the treatment of hematological malignancies (iii) the potential change of the tumor microenvironment by the FNC pre-conditioning regimen, which may enhance the penetration and persistence of CT041 CAR-T cell in the tumor tissue.

In addition, we have focused on identifying tumor-associated targets for solid tumors and developing next-generation CAR-T technologies to address various issues associated with treatment of solid tumors, such as adverse tumor microenvironment and limited CAR-T cell infiltration and persistence, as discussed in more detail below.

Target Selection and Construct Design

Considering the potency of CAR-T cells, on-target off-tumor toxicities, which result from CAR-T cells attacking normal tissues that also express the targeted antigen, can be highly detrimental. Therefore, it is critical in the treatment of solid tumors with CAR-T therapy to select target tumor antigens that are strictly specific to the tumor, the targeted organ or the particular cell type in question, in order to reduce the risk of such toxicities. However, research and development in the CAR-T therapy industry has shown that it is very difficult to identify tumor-associated antigens in the setting of solid tumors. Leveraging a deep understanding and accumulated experience in cancer biology and CAR-T cell therapy, our co-founder, CEO and Chief Scientific Officer Dr. Li led the world's first discovery and report of CLDN18.2 and GPC3 as tumor-associated antigens for CAR-T therapies against gastric cancer/pancreatic cancer and HCC. We have progressed both CLDN18.2-specific CAR-T and GPC3-specific CAR-T product candidates, CT041 and CT011 respectively, to clinical stage, and the data from the investigator-initiated trials for these candidates have shown promising safety and efficacy profiles. For example, as of July 24, 2019, the completed investigator-initiated trial of CT011 showed a median overall survival of 278 days (39.7 weeks) for treated patients with HCC, as well as general tolerance in patients who have been heavily treated. With our integrated antibody platform, which is powered phage display, hybridoma and antibody engineering

technologies, we believe we will be able to identify additional novel, solid tumor-associated targets for developing potentially paradigm-shifting CAR-T product candidates under the leadership of Dr. Li and our core management team.

We have also developed single chain variable fragments in-house that recognize tumor cells which overexpress EGFR or EGFRvIII but not normal cells that express EGFR, which we expect will reduce on-target off-tumor toxicities in treating cancers featuring overexpression of EGFR/EGFRvIII, such as glioblastoma. Our pre-clinical studies showed that CAR-T cells incorporating such EGFR/EGFRvIII-bitargeted single chain variable fragment, KJ-C2112, selectively lysed EGFR/EGFRvIII-overexpressing tumor cells *in vitro* and effectively suppressed the growth of EGFR/EGFRvIII-overexpressing tumors in mouse models. Given its therapeutic potential, we plan to collaborate with a principal investigator and initiate an investigator-initiated trial on KJ-C2112, in 2022.

Next-Generation CAR-T Technologies

Our primary next-generation CAR-T technologies include CycloCAR and Combo-CAR, which we believe could potentially provide a path to efficient treatment of solid tumors with CAR-T cell therapy. We designed our next-generation CAR-T technologies to address certain major challenges of CAR-T cell therapy in treating solid tumors, as set forth below:

Challenges in treating solid tumors with CAR-T therapy	**Our Potential Solutions**
Limited CAR-T infiltration, persistence or efficacy in tumor masses due to the hypoxic and extracellular matrix-rich tumor microenvironment . . .	CycloCAR (7×21 CAR-T), Combo-CAR
Antigen heterogeneity	CycloCAR (7×21 CAR-T)
Unpleasant lymphodepletion procedure, which may affect patient compliance and may compromise antigen cross presentation to effectuate CAR-T therapy	CycloCAR (7×21 CAR-T)

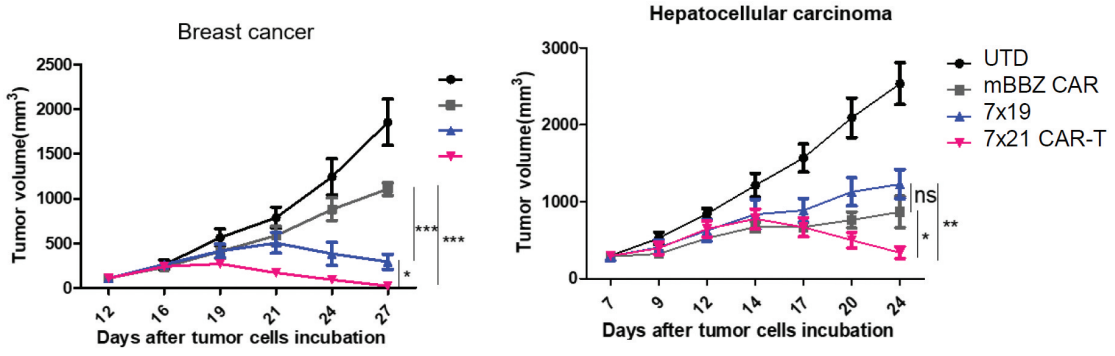
CycloCAR (7×21 CAR-T)

CycloCAR is designed by us to increase the efficacy of CAR-T cell therapies in solid tumors by promoting the survival of CAR-T cells and the infiltration of both T cells and dendritic cells into tumor tissues. Increased recruitment of T cells and dendritic cells to tumor sites may overcome antigen heterogeneity in tumor sites as dendritic cells are able to facilitate antigen recognition by processing antigen materials and presenting them to the T cells to initiate the cytotoxic T cell responses. With our CycloCAR technology, T cells are genetically modified to express a tandem construct encoding the desired CAR and two additional proteins:

IL-7, a potent immune regulatory protein that is able to stimulate proliferation of all cells in the lymphoid lineage (such as T cells), and CCL21, a chemokine that through chemotaxis strongly attracts T cells and antigen-presentation cells such as dendritic cells. In addition, treatment with CycloCAR T cells may dispense the lymphodepletion procedure as they were shown in our pre-clinical studies to function independent of lymphodepletion, which may allow patients to avoid the side effects of lymphodepletions and potentially reduces the risk of patient noncompliance.

Our preclinical studies have shown that IL-7 could enhance the proliferation and survival of CAR-T cells and inhibit the apoptosis of CAR-T cells, and CCL21 could drive infiltration of T cells and dendritic cells into tumor sites. The CycloCAR T cells could improve the therapeutic effects against solid tumors in mice when compared with conventional CAR-T cells. Moreover, even without preconditioning chemotherapy, the CycloCAR T cells could potently suppress the tumor growth with a significantly better efficacy than CAR-T cells co-expressing IL-7 and CCL19 (7×19 CAR-T, a previously reported design by other researchers). Taken together, our studies demonstrated that, independent of lymphodepletion chemotherapy, CycloCAR T cells exert potent antitumor effects which are facilitated by the infiltration of T cells and dendritic cells into tumor tissues, increased survival of CAR-T cells, as well as the potential anti-angiogenesis effect. We are using CycloCAR to develop CAR-T cell therapies against several different targets including CLDN18.2, GPC3 and mesothelin, and planning to submit at least one IIT study application in 2021.

CycloCAR T cells (7×21 CAR-T) exhibit much higher antitumor activities in solid tumor models than conventional CAR-T cells (mBBZ CAR) or CAR-T cells armored with IL7 and CCL19 (7×19 CAR-T)



Source: Adapted from Luo et al. Coexpression of IL7 and CCL21 Increases Efficacy of CAR-T Cells in Solid Tumors without Requiring Preconditioned Lymphodepletion. *Clinical Cancer Research* Volume 26, Issue 20 (2020).

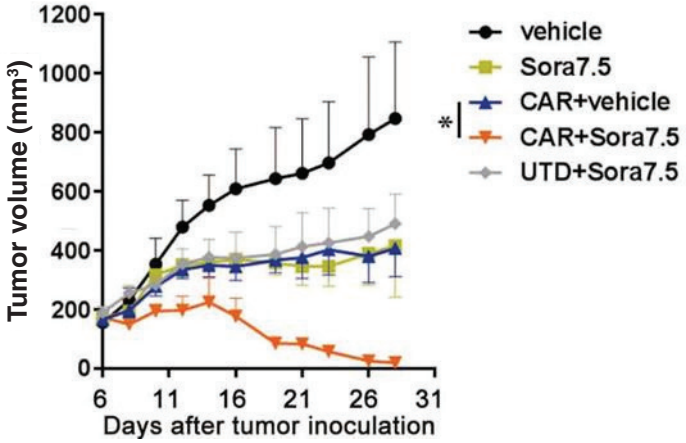
UTD, untransduced mouse T cells; ns, not significant; *, $P < 0.05$; **, $P < 0.01$; and ***, $P < 0.001$.

Combo-CAR

Combo-CAR explores the optimal combinations of CAR-T cells with other molecules or therapeutics to improve the efficacy of CAR-T cell therapy for the treatment of solid tumors. We are developing a variety of such combination therapies in response to the particularities of different types of tumors, with an overarching goal to overcome the hostile tumor microenvironment and improve CAR-T infiltration, persistence or efficacy in tumor masses. The Combo-CAR therapies that we have been exploring include the combination of different CAR-T product candidates with molecules such as a tyrosine kinase inhibitor, or TKI; an immunologic adjuvant polyinosinic-polycytidylic acid, or poly I:C; or a polymerase inhibitor poly(ADP-ribose) polymerase inhibitors, or PARPi. Our pre-clinical studies generally showed improved therapeutic effects of such combined treatments against different types of solid tumors.

In our most advanced Combo-CAR program, we have demonstrated that sorafenib, an anti-angiogenesis TKI, could increase the antitumor activities of CT011, our GPC3-specific CAR-T product candidate. We analyzed the combined effect of GPC3-specific CAR-T cells and sorafenib in both immunocompetent and immunodeficient mouse models of hepatocellular carcinoma. In our immunocompetent mouse model, mouse CAR-T cells targeting GPC3 alone induced regression of small tumors but had no effect on large, established tumors. The combination of sorafenib augmented the antitumor effects of mouse CAR-T cells, in part by promoting cytokine secretion by immune cells and apoptosis of cancer cells. Sorafenib had limited impact on the function of human CAR-T cells *in vitro* but showed synergistic effects with human CAR-T cells *in vivo* in an immunodeficient mouse model, which we reasoned was at least partially due to the upregulated tumor cell apoptosis induced by the combined treatment. Therefore, we demonstrated the clinical potential of combining sorafenib with GPC3-specific CAR-T cells against hepatocellular carcinoma. As of the Latest Practicable Date, we were in the process of applying for an investigator-initiated trial in China to further evaluate this combination therapy in humans.

Sorafenib augments the antitumor activity of GPC3-specific CAR-T cells in mice



Source: Wu et al. Combined Antitumor Effects of Sorafenib and GPC3-CAR T Cells in Mouse Models of Hepatocellular Carcinoma. *Molecular Therapy* Volume 27, Issue 8 (2019). ns, not significant; *, $P < 0.05$.

Our Solutions to Cytokine Release Syndrome and High Costs Associated with CAR-T Therapies

Despite the vast potential of CAR-T cell therapies, there are a number of major challenges in developing CAR-T cell therapies. We have strived to overcome these challenges by leveraging our in-house expertise and core competency in the CAR-T cell therapy field and through our continuous technological development generated from our integrated technical capabilities.

Cytokine release syndrome (CRS)

Resulted from rapid immune activation induced by CAR-T cells, CRS is one of the most prevalent treatment-related toxicities following the infusion of CAR-T cells into patients. CRS initially manifests with fever, low blood pressure, inflammation and can progress to life-threatening capillary leak with hypoxia and hypotension. The clinical signs of CRS correlate with T cell activation and high levels of cytokines. As one potential source of severe CRS is the CAR construct used to generate the CAR-T cells, it is crucial to design antigen binding domains (i.e., the single chain variable fragments) with balanced properties of both high affinity and efficacy on the one hand and safety on the other. To that end, we have developed an integrated antibody platform, powered by hybridoma, antibody engineering and antibody phage display technologies, which allows us to identify antibody fragments that have the most desirable properties and thus allowing us to optimize antigen-binding domains for specific CAR constructs. As examples of our capabilities in the design and optimization of lead antibodies for CAR-T product candidates, we have developed two CAR-T product candidate, CT053 and CT041, that expresse an optimal fully human anti-BCMA and humanized anti-CLDN18.2 single chain variable fragment, respectively, which has not induced Grade 3 or higher CRS in the investigator-initiated trials or Phase I clinical trials. For additional information, see "Our Product Pipeline — Fully Human BCMA CAR-T (CT053) — Our Core Product Candidate." and "Our Product Pipeline — Humanized CLDN18.2 CAR-T (CT041)."

Cost of CAR-T cell therapies

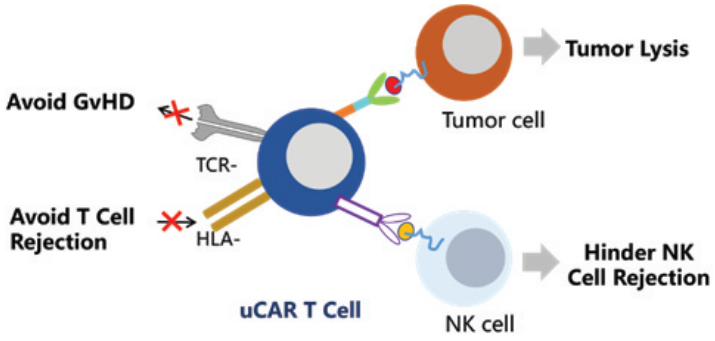
Development of an autologous CAR-T cell therapy is a highly complex process and demands a significant amount of financial resources. Even following the successful development of an autologous CAR-T cell therapy, manufacturing and the treatment regimen would be relatively costly given the highly personalized nature of the treatment and the management of potential adverse events such as CRS, respectively, resulting in an average total treatment cost of approximately US$1.5 million and a direct cost of CAR-T cell therapy of approximately US$0.4 million per patient per therapy in the United States for the currently-approved CAR-T cell therapies, according to Frost & Sullivan, which has contributed to the limited number of patients receiving CAR-T therapies to date. To promote efficient use of our capital and with an aim to alleviate the financial burden for patients and the healthcare system, we have strived to reduce both the costs associated with the research and development of CAR-T cell therapies and the costs in connection with the manufacturing process. To that end, we have developed an efficient in-house integrated research and development platform that

spans from target discovery and lead antibody development to clinical trials for CAR-T product candidates. Coupled with our years of experience in the development of CAR-T product candidates, we believe that we are able to increase the productivity of our research and development activities with higher success rate and therefore lower costs. Since our inception, we have self-developed a diverse pipeline and obtained seven IND clearances for CAR-T therapies in China, the United States and Canada, ranking the first among all CAR-T companies headquartered in China according to Frost & Sullivan. We have also established our in-house end-to-end clinical and commercial manufacturing capabilities for all three stages of CAR-T manufacturing, including production of plasmids, production of lentiviral vectors and CAR-T cell product manufacturing. By leveraging our strong manufacturing know-how and internalizing the entire manufacturing process, we believe we are able to effectively reduce cost, enhance product quality and increase flexibility to allow faster vein-to-vein treatment time. Besides, the currently available clinical data have shown that our CAR-T product candidates are generally tolerated in patients. Such a safety profile could potentially further shorten the patients' hospital stay and dispense expensive CRS management treatments or, when CAR-T cell therapies are advanced to earlier lines of treatment, forego other costly treatment options, resulting in further decreased treatment cost of our CAR-T cell therapies.

Moreover, we are also developing our proprietary allogeneic CAR-T technology, THANK (Target to Hinder the Attack of NK cells)-uCAR, which is designed to generate high-quality, universal allogeneic CAR-T cell therapies that are readily available "off-the-shelf" at a lower cost, as well as to overcome the usually-observed inefficient expansion and persistence of allogeneic CAR-T cells. Unlike autologous CAR-T therapies, THANK-uCAR technology and other allogeneic CAR-T product candidates use T cells from healthy donors, making both CAR-T treatments easier to manufacture with scale and the resulting CAR-T cells readily available to treat cancer patients, including those who are less suitable for autologous CAR-T cell therapy as well as those with rapidly progressing cancer. In addition, CAR-T cells that are derived from higher quality T cells from healthy donors have the potential to be superior to CAR-T cells derived from cancer patients in multiple attributes, including fitness, proliferation, differentiation, homing and tumor cell clearance ability *in vivo*.

Despite these advantages, allogeneic cell therapy approaches are often limited by graft versus host disease (GvHD), a potentially fatal condition where transplanted cells, or specifically allogeneic CAR-T cells in this case (graft), recognize the patient's normal tissues (host) as foreign and cause potentially lethal tissue damage; and host versus graft response (HvGR), a condition that occurs when the patient's immune cells recognize infused allogeneic CAR-T cells as foreign and reject them. GvHD and HvGR limit the therapeutic potential of allogeneic CAR-T therapies by reducing their potential efficacy and posing significant safety challenges.

To reduce the possibility of GvHD and HvGR from allogeneic T cells, we disrupt the genomic loci encoding T cell receptor and β2 microglobulin (B2M) to eliminate surface expression of the TCR or B2M, an approach that has been validated by previous research. However, as NK cells attack T cells without B2M expression, which in turn limits the expansion and persistence of the allogeneic T cells, we armor the $TCR^-/B2M^-$CAR-T cells with a CAR that recognizes NKG2A to eliminate the NKG2A positive NK cells, therefore resist the attack by NK cells. Our *in vitro* and *in vivo* studies demonstrated that the $TCR^-/B2M^-$CAR-T cells exhibit improved expansion in the presence of NK cells when they also express the NKG2A-targeted CAR. We are developing allogeneic CAR-T product candidates that incorporate the THANK-uCAR technology. For additional information, see "Business — Selected IND-Enabling or Pre-Clinical Stage Product Candidates."

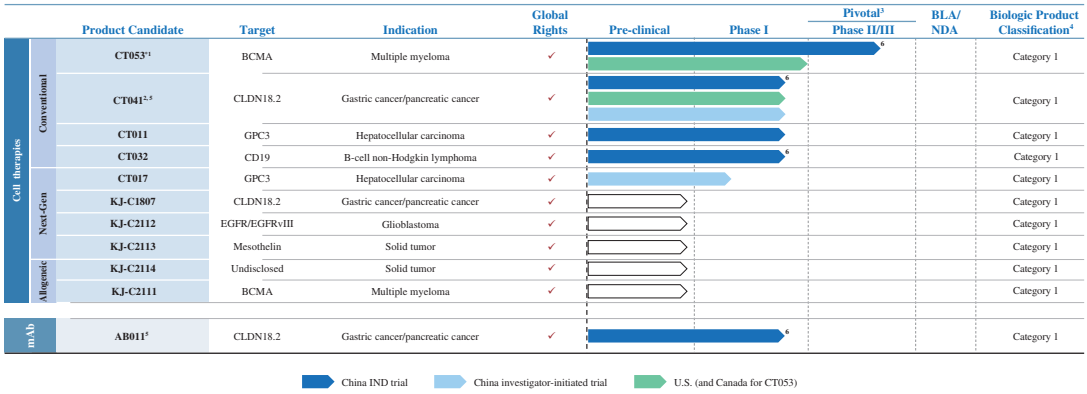


Source: Company information

OUR PRODUCT PIPELINE

Overview

Since our inception, we have adopted and executed our strategic business model of self-developing innovative and differentiated biopharmaceutical products with a focus on CAR-T cell therapies. Among our pipeline, our sole Core Product Candidate, CT053, is for the treatment of R/R MM, a form of hematological malignancies, and is at the most advanced development stage among our product candidates in our pipeline. Other than CT053, CT032 and KJ-C2111, all the other product candidates in our pipeline are for the treatment of solid tumors which are in Phase Ib clinical trials or earlier. The following chart summarizes our pipeline and the development status of each product candidate as of the Latest Practicable Date. Our product candidates are discovered and developed in-house, and we own global rights over our product candidates. The clinical-stage product candidates are currently being developed for treating advanced stage cancers.



Notes:

* Denotes our sole Core Product Candidate

1 RMAT designation from the U.S. FDA, PRIME designation from the EMA, Breakthrough Therapy Designation from the NMPA, Orphan Drug designation from the U.S. FDA and Orphan Medicinal Product designation from the EMA. The PRIME designation from the EMA provides us with various benefits, such as engaging in enhanced interactions and early dialogues with the EMA to optimize our development plans and accelerate regulatory evaluation. The RMAT designation brings benefits of both Fast Track and Breakthrough Therapy designations. For additional information on RMAT and Orphan Drug designations, see "Regulatory Overview — Laws and Regulations of Pharmaceutical Product Development and Approval in the United States."For Orphan Medicinal Product designation, see "Industry Overview — Overview of Cellular Immunotherapy and CAR-T Market — CAR-T Cell Therapy — Orphan Medicinal Product Designation." The ongoing Phase II trial in China is a pivotal trial. For NMPA Breakthrough Therapy Designation, see "Regulatory Overview — Laws and Regulations Relating to Drugs — Regulations on Drug Research and Development — Priority Evaluation and Approval Programs to Encourage Innovation."

We received the IND approval from the NMPA in February 2019 for initiating an open-label, single-arm, multi-center Phase I/II clinical trial in patients with R/R MM in China. We were permitted by the NMPA to launch the pivotal Phase II part of the aforementioned clinical trial in the fourth quarter of 2020 after the required communication meeting with the NMPA. In addition, we are communicating with the U.S. FDA regarding the initiation of the pivotal Phase II clinical trial of CT053 in R/R MM patients in the U.S. We expect to obtain approval from the FDA for initiating the Phase II clinical trial by the third quarter of 2021.

2 Orphan Drug designation from the U.S. FDA and Orphan Medicinal Product designation from the EMA.

3 Phase II trials of some indications are pivotal studies.

4 Category 1 refers to therapeutic biological products that have not been marketed anywhere in the world as classified by the Registration Category of Biological Products and the Data Requirements for Declaration (《生物製品註冊分類及申報資料要求》) issued by the NMPA. There is no equivalent classification scheme in the U.S. according to Frost & Sullivan.

5 We are developing a companion diagnostic kit for CT041 and AB011 to measure the expression level of CLDN18.2. We have developed the prototype and completed the analytical validation of the companion diagnostic kit. We are currently conducting clinical validation of the kit in clinical trials of CT041 in China and the U.S. and in the clinical trial of AB011 in China.

6 The clinical trials are conducted under the clinical trial protocol covering Phase I and Phase II for each product candidate.

Set forth below is a summary of basic information on our ongoing clinical trials discussed in this Prospectus.

Clinical Trial	Clinical Trial Initiation	Expected Trial End*	Number of Engaged Clinical Sites**	Number of CROs/CMOs and Expected Logistic Partners	Next Regulatory Milestone
CT053 Phase I/II clinical trial for MM in China (LUMMICAR STUDY 1)	Q3 2019	Q4 2021	19	7	Expected NDA submission to the NMPA in the first half of 2022
CT053 Phase Ib/II clinical trial for MM in North America (LUMMICAR STUDY 2)	Q3 2019	Q4 2022	9	17	Expected BLA submission to the U.S. FDA in the first half of 2023
CT041 Investigator-initiated trial for CLDN18.2 positive advanced solid tumor	Q2 2019	Q4 2022	3	4	N/A
CT041 Phase Ib/II clinical trial for advanced gastric/gastroesophageal junction cancer and pancreatic cancer in China	Q4 2020	Q4 2022 (for leading indication of gastric/ gastroesophageal junction cancer)	4	4	Expected initiation of the Phase II clinical trial in the second half of 2021
CT041 Phase Ib clinical trial for advanced gastric or pancreatic cancer in the U.S.	Q4 2020	Q3 2022	4	14	Expected initiation of the Phase II clinical trial in the second half of 2022
CT011 Phase I clinical trial for HCC	Q3 2019	Q3 2021	6	5	Anticipated submission of a subsequent application in the second half of 2021 to the NMPA for initiation of a Phase II clinical trial

Clinical Trial	Clinical Trial Initiation	Expected Trial End*	Number of Engaged Clinical Sites**	Number of CROs/CMOs and Expected Logistic Partners	Next Regulatory Milestone
CT032 Phase I/II clinical trial for R/R B-NHL	Q3 2019	Q4 2023	5	4	Anticipated consultation with the NMPA in the first half of 2022 on the initiation of a Phase II clinical trial
AB011 Phase I clinical trial for CLDN18.2 positive advanced solid tumors	Q3 2020	Q4 2022	4	6	Anticipated consultation with the NMPA in the second half of 2022 on the initiation of a Phase II/III clinical trial
CT017 investigator-initiated trial	Q3 2019	Q3 2021	1	2	N/A

* "Expected trial end" is the date when the final participant is examined or receives an intervention for the purposes of final collection of data for the primary endpoint.

** As of the Latest Practicable Date

Our product candidates are subject to NDA or BLA approval by the relevant authorities, such as the NMPA, the U.S. FDA and the EMA, before commercialization in the relevant jurisdictions. As of the Latest Practicable Date, we had not received any material concerns, objections or negative statements raised by the NMPA, the U.S. FDA, the EMA or other relevant authorities that we are not able to address in a timely manner. We believe we are on track to advance the development of our clinical-stage product candidates as described in "— Our Product Pipeline."

In the investigator-initiated trials and clinical trials under IND of our product candidates, we have not observed rolling and/or late manifestation of biological or health effects which present themselves as a spectrum of adverse effects. However, as a result of potential long-term exposure to CAR-T cell therapies, which are considered as a type of genetic modified human gene therapies by the U.S. FDA and the NMPA, patients may be at increased risk of undesired outcomes that may present as delayed adverse effects. To understand and mitigate the risk of a delayed adverse effects, patients in gene therapy trials may need to be monitored for an extended period as required by the U.S. FDA and the NMPA. For additional information on potential risks associated with undesirable adverse effects, see "Risk Factors — Risks Relating to Discovery, Pre-Clinical Development and Clinical Development of Our Product Candidates — Our product candidates may cause undesirable side effects or have other properties that

could halt their clinical development, prevent their regulatory approval, limit their commercial potential, or result in significant negative consequences." In the event such delayed adverse effects appear, we will carry out our social and scientific responsibilities to work with principal investigators, physicians and other stakeholders in the medical community to formulate appropriate solutions. We have purchased and maintained customary commercial insurance for our clinical trials. The principal investigators are responsible for the management of clinical trials and treatment to ensure the safety of participating patients. The principal investigators are responsible for the management of all adverse effects experienced in clinical trials. Generally, the medical insurance plans for the patients are provided to cover routine patient care costs in clinical trials. We believe all of our clinical trials are conducted in compliance with applicable good clinical practice standards.

In general, CAR-T cell therapies have been more effective in treating hematological malignancies than treating solid tumors. Our CAR-T product candidates designed for the treatment of solid tumors are in Phase I clinical trials or pre-clinical studies and may require us to invest a significant amount of time and resources in their development to obtain marketing approval, or they may not be successfully developed to reach commercialization. In addition, we may not be able to commercialize our Core Product Candidate or other product candidates given that CAR-T cell therapies are emerging approaches to cancer treatment that face significant challenges and hurdles, such as developing consistent and reliable manufacturing processes, optimizing the pre-treatment conditioning regimen, managing potentially severe adverse effects, reducing off-tumor or off-target toxicities, and gaining recognition by the physicians and patients as an effective cancer treatment, among others. For additional information on risks associated with the development of our product candidates, see "Risk Factors — Risks Relating to Discovery, Pre-Clinical Development and Clinical Development of Our Product Candidates."

Fully Human BCMA CAR-T (CT053) — Our Core Product Candidate

Overview

CT053 is an autologous CAR-T product candidate that targets human B-cell maturation antigen ("**BCMA**"), which is highly expressed in multiple myeloma ("**MM**") tumor cells and is a promising target for CAR-T therapies. CT053 is genetically modified to express a CAR incorporating a fully human BCMA-specific single-chain fragment variant (25C2) with high binding affinity and anticipated improved safety resulting from reduced immunogenicity. Our previous investigator-initiated trial in China with 24 enrolled patients who had relapsed and/or refractory ("**R/R**") MM demonstrated an ORR of 87.5%, with 79.2% complete response (CR) and a median duration of response of 21.8 months without inducing immunogenicity.

We have completed the Phase I trial and are conducting the pivotal Phase II trial of a Phase I/II clinical trial of CT053 for R/R MM in China (LUMMICAR STUDY 1) and a Phase Ib clinical trial of CT053 for R/R MM in North America (LUMMICAR STUDY 2) to evaluate the safety and efficacy of CT053. The interim results of both clinical trials demonstrate that CT053 at a target dose of $1.0\text{-}1.5\times10^8$ CAR^+ T cells and $1.5\text{-}3.0\times10^8$ CAR^+ T cells, respectively, deliver early and deep responses with an acceptable safety profile in patients with heavily treated R/R MM. Available clinical data of the investigator-initiated trials and Phase I clinical trials suggest that CT053 has a favorable safety and promising efficacy profile. We plan to make regulatory submissions for marketing approval to the NMPA and the U.S. FDA in 2022, as well as to conduct additional clinical trials to develop CT053 as an earlier line of treatment for MM.

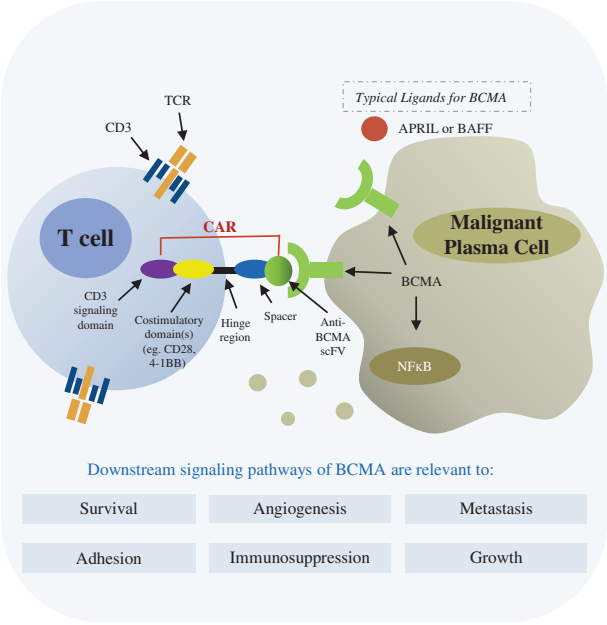
We have developed CT053 in-house with our integrated research and development platform. CT053 has received Regenerative Medicine Advanced Therapy (RMAT) and Orphan Drug designations from the U.S. FDA in 2019, as well as PRIority MEdicines (PRIME) and Orphan Medicinal Product designations from the EMA in 2019 and 2020, respectively, and the Breakthrough Therapy designation from the NMPA in 2020.

As of the Latest Practicable Date, we had not experienced any material issues on CMC, data integrity, safety and efficacy validation, or quality control during manufacturing for clinical trials in China and overseas in connection with our development of CT053.

Mechanism of Action

B-cell maturation antigen (BCMA), a member of the TNF receptor superfamily, is a cell surface protein normally expressed on B cells, where it functions as a pro-survival receptor. High levels of BCMA are found in plasma cells, which are specialized B cells that produce and secrete large quantities of antibodies. BCMA is overexpressed in a number of hematologic malignancies, including MM. The expression level of BCMA in MM tumors, is hundreds to thousands of times higher than normal tissues, making BCMA a prime candidate for therapeutic agents directed against MM.

CT053, which is BCMA-specific CAR-T product candidate, consists of autologous T cells genetically modified with a CAR incorporating a fully human anti-BCMA single chain fragment variant (25C2) with high binding affinity that specifically recognizes BCMA, therefore enabling effective targeting and elimination of MM tumor cells that harbor BCMA on the cell surface by the CAR-T cells. The following diagram demonstrates the mechanism of action of CT053.



Source: *Yu, B., Jiang, T. & Liu, D. BCMA-targeted immunotherapy for multiple myeloma. J Hematol Oncol 13, 125 (2020). https://doi.org/10.1186/s13045-020-00962-7, Anja Seckinger, Jose Antonio Delgado, Samuel Moser, et. al., Target Expression, Generation, Preclinical Activity, and Pharmacokinetics of the BCMA-T Cell Bispecific Antibody EM801 for Multiple Myeloma Treatment, Cancer Cell, Volume 31, Issue 3, 2017, Pages 396-410, ISSN 1535-6108, https://doi.org/10.1016/j.ccell.2017.02.002. Frost & Sullivan Analysis*

Market Opportunity and Competition

Market Opportunity

MM is a hematological malignancy characterized by the accumulation of monoclonal plasma cells in the bone marrow, the presence of monoclonal immunoglobulin, also known as M protein, in the serum or urine. The disease can damage the bones, immune system, kidneys, and red blood cell count. MM often results in extensive skeletal destruction with osteolytic lesions, osteopenia, and/or pathologic fractures. It is more common in elderly patients. MM remains an incurable cancer. While advancements in treatment, including the introduction of immunomodulatory drugs, proteasome inhibitors, and monoclonal antibodies, have prolonged patient survival, almost all patients eventually have a relapse, with worse survival outcomes seen in patients with a high-risk cytogenetic profile or treatment-refractory disease.

The global prevalence of MM has grown from 414.2 thousand in 2016 to 440.9 thousand in 2019, representing a CAGR of 2.1%. It is expected that the prevalence will increase to 526.9 thousand in 2024, and 663.4 thousand in 2030, at a CAGR of 3.6% and 3.9%, respectively, from 2019 to 2024 and from 2024 to 2030, respectively. The prevalence of MM in China exhibits a much faster growth trend partly due to the fast-growing aging population in China. The prevalence of MM increased from 69.8 thousand in 2016 to 101.9 thousand in 2019 at a CAGR of 13.5%. With the increasing aging population in China, the prevalence of MM is expected to grow to 167.2 thousand in 2024 at a CAGR of 10.4% from 2019 and further to 266.3 thousand in 2030 at a CAGR of 8.1% from 2024. The diagnostic rate of MM in China is relatively low due to the complicated diagnostic process and lack of accessibility to effective diagnostic methods. For additional information, see "Industry Overview — Overview of BCMA-Targeted CAR-T Cell Therapy."

Current Treatment Options and Limitations

The current targeted therapy treatment options for MM can be categorized into three classes: immunomodulatory drugs, or IMiDs, proteasome inhibitors and anti-CD38 mAbs. Combination therapy is standard of care in MM treatment.

Different combinations of regimens with unique and complementary mechanisms of action are required for patients that relapse early or do not respond to initial first-line treatment.

The second-line treatment for R/R MM patients are recommended as regimens with mechanisms of action that differ from the ones applied in the first-line treatment. The same principle applies to later-line treatments. Therefore, once the patients are refractory to IMiDs or proteasome inhibitors, anti-CD38 mAbs is considered. Current treatment regimens can prolong patient survival; however, MM is incurable and patients will eventually relapse and succumb to their disease. For additional information, see "Industry Overview — Overview of BCMA-Targeted CAR-T Cell Therapy." Once the BCMA-targeted CAR-T cell therapy, such as CT053, is approved, it is expected to be an important therapy for the treatment of R/R MM patients who are refractory to all the three existing classes of targeted therapies. In addition, we intend to develop CT053 for an earlier line of treatment in light of its potentially promising safety and efficacy profile.

Competitive Landscape

Abecma (also known as ide-cel or bb2121) developed by Bristol Myers Squibb and bluebird bio received the marketing approval from the U.S. FDA on March 26, 2021 for the treatment of R/R MM after four or more lines of therapy. As of the Latest Practicable Date, there were not other approved BCMA-targeted CAR-T product candidate, and there were 17 BCMA-targeted CAR-T product candidates, including CT053, under clinical development for the treatment of MM globally. LCAR-B38M/JNJ-68284528 developed by Legend Biotech and Janssen had submitted the BLA to the U.S. FDA. For additional information, see "Industry Overview — Overview of BCMA Targeted CAR-T Cell Therapy."

Competitive Advantage

We believe that CT053, the currently only BCMA CAR-T product candidate with an upgraded, fully-human CAR, has a promising efficacy profile and a favorable safety profile, as evidence by the absence of Grade 3 or above CRS and treatment-related patient deaths in the investigator-initiated trials and the Phase I clinical trials. The following table sets forth key interim efficacy and safety data derived from the ongoing clinical trials of CT053.

	LUMMICAR-1 (CT053-MM-01)	LUMMICAR-2 (CT053-MM-02)	China IITs (CG6002, CG6003, CGZ001)
Country	China	US, Canada	China
Phase	single-arm trial ("**SAT**"), Phase 1/2	SAT, Phase 1/2	SAT, Phase 1
Data-cutoff	28-Sep-2020	11-Nov-2020	30-Jun-2020
Subject infused	14	20	24
Prior regimen (lines)	6 (3-11)	5 (3-11)	5 (2-11)
High risk cytogenetics	35.7% (5/14)	55% (11/20)	57.1% (12/21)*
Extramedullary disease	14.2% (2/14)	25% (5/20)	41.7% (10/24)
Safety profile	• No DLT identified • No ≥ Grade 3 CRS • Grade ½ CRS 92.8% (13/14) • No ≥ Grade 3 ICANS • 10 (71%) received tocilizumab; 2 (14%) received corticosteroids	• No DLT identified • No ≥ Grade 3 CRS • Grade ½ CRS 79% (15/19) • 1 case of Grade 3 ICANS • 6 (32%) received tocilizumab; 4 (21%) received corticosteroids	• No ≥ Grade 3 CRS, • Grade ½ CRS 62.5% (15/24) • 1 case of Grade 3 neurotoxicities • 7 (29%) received tocilizumab; 1 (4%) received corticosteroids
Efficacy profile	• ORR: 100% (14/14); [sCR 6, VGPR 6, PR 2] • VGPR and above 85.7% • Achieved PR and above at Week 4	• ORR: 94.4% (17/18); [5 sCR/CR, 5 VGPR, 7 PR]	• ORR: 87.5% (21/24); [CR/sCR: 79.2% (19/24) • mDOR: 21.8 months; mPFS: 18.8 months; PFS rate at Month 6 and Month 12 was 87% and 60.9%, respectively
PK	• CAR copies detected at Day 1, reached peak at Day 14 • CAR copies persisted to Month 6	• CAR copies detected at Day 1, reached peak at Day 7-14	• CAR copies reached peak at Day 7-21 • Medium persistence 172 days; longest persistence to 12 months
Immunogenicity	Negative	To be tested	Negative

* 21 patients were evaluated for high risk cytogenetics

Source: Company information

Abecma (also known as ide-cel or bb2121), a BCMA-targeted CAR-T therapy, was approved by the U.S. FDA on March 26, 2021 for the treatment of R/R MM after four or more prior lines of therapy. For its clinical trial data included in the BLA Clinical Review Memorandum released by the U.S. FDA, see https://www.fda.gov/media/147740/download. In addition, Janssen has initiated rolling BLA submission to the U.S. FDA in December 2020 for JNJ-4528 based on the data of the CARTITUDE-1 trial. For the reported interim data of the CARTITUDE-1 clinical trial, see the Annual Report on Form 20-F filed on April 2, 2021 by Legend Biotech to the U.S. Securities and Exchange Commission (the "**SEC**"). For any updates on the ongoing CARTITUDE-1 clinical trial, see Legend Biotech's website and relevant press releases.

The clinical development of Abecma was initiated in 2015 and the MM-001 trial was launched in 2017. The clinical development of JNJ-4528 was initiated through the launch of the CARTITUDE-1 trial in 2018. The investigator-initiated trials of CT053 were initiated in the third quarter of 2017 in China, and we launched LUMMICAR STUDY 1 and LUMMICAR STUDY 2 in the third quarter of 2019, respectively. The data were not derived from head-to-head clinical trials between CT053 and the competing products. The clinical trials are

separate studies conducted at different times and enrolled patient populations with different baseline disease conditions. For example, the clinical trials enrolled patients with different high-risk cytogenetic and/or extramedullary disease profiles, which are poorprognosis factors for MM.

Safety. As of the respective data cutoff date of the ongoing investigator-initiated trials and the clinical trials set forth in the above table, none of the 58 patients treated in China or North America experienced Grade 3 or above CRS, and there were no treatment-related patient deaths. In our trials, 2, or 3.4%, of the patients experienced Grade 3 or higher neurotoxicity and recovered soon thereafter. Most patients enrolled in the LUMMICAR STUDY 2 trial only need to be hospitalized for about 8 days, which is shorter than the length of hospital stay of about 2 weeks required by a typical CAR-T product, primarily due to lower incidences of serious adverse events in connection with administration of CT053.

Efficacy. Despite the severity of the MM patients enrolled, as of the respective data cutoff date, the ongoing investigator-initiated trials and the clinical trials showed a promising efficacy profile.

57.1% of the patients enrolled in the investigator-initiated trials who were evaluated for the cytogenetic profile were with high-risk cytogenetic profile, and 41.7% of the enrolled patients had extramedullar disease (EMD), an aggressive, most resistant MM disease with poor prognosis and a key factor affecting the efficacy of BCMA CAR-T therapies. According to the publicly available results on the 62nd ASH Annual Meeting and Exposition, the efficacy of BCMA CAR-T product candidates in patients with EMD was lower than the efficacy in patients without EMD. Despite the high proportion of patients with EMD and high-risk cytogenetic profile, the investigator-initiated trial achieved better or comparable clinical efficacy than the major competing products based on reported data. As of the data cutoff date June 30, 2020, based on a two-year follow-up period, the investigator-initiated trials showed an overall response rate, or ORR, of 87.5% (21/24) including 79.2% (19/24) with complete responses ("**CR**") or stringent complete responses ("**sCR**"). The median duration of response, or mDOR, was 21.8 months. The median progression-free survival, or mPFS, was 18.8 months, with 6-month and 12-month PFS rates of 87% and 60.9%, respectively.

In the first 20 patients enrolled in the LUMMICAR STUDY 2 trial, the proportion of triple-refractory and penta-refractory patients was 85% and 50%, respectively. 25% of the patients were with EMD when enrolled, 55% of the patients were determined to have high-risk cytogenetic profile, and all of the patients were refractory to the last line of therapy. As of the data cutoff date November 11, 2020, a 94.4% (17/18) ORR was observed, with five sCRs/CRs, five very good partial responses, and seven partial responses. In LUMMICAR STUDY 1, two patients (14.2%) had EMD and five patients (35.7%) had high-risk cytogenetic profile, and the study achieved an ORR of 100% as of the data cutoff date September 28, 2020. 12 out of 14 patients (85.7%) had very good partial response or better.

In the investigator-initiated trials, 41.7% (10/24) , 70.8% (17/24) and 79.2% (19/24) of CR/sCR was achieved at 6-month, 9-month and 15-month visit, respectively, suggesting that the CR/sCR rate could increase over time. As the median follow-up time for LUMMICAR STUDY 1 and LUMMICAR STUDY 2 are no more than six months as of their respective data cutoff date September 20, 2020 and November 11, 2020, the CR/sCR rates in these two studies may potentially improve over time.

Investigator-Initiated Trials for R/R MM

Overview. CT053 was first studied in a single-arm, open-label, multi-center investigator-initiated trials in eastern China to explore, among others, its safety and efficacy in the treatment of R/R MM. The studies were sponsored and conducted by principal investigators at Class III Grade A hospitals in China. We engineered, produced and provided CAR-T cells to the principal investigators at those hospitals for administration in patients. To the extent that, after discussions with the NMPA and/or the U.S. FDA, we are permitted to rely on all or part of the initial results and the underlying data points from these studies to support our regulatory filings with the NMPA and/or the U.S. FDA, we work in close collaboration with the principal investigators to collect the data with their approval. Based on data generated from a two-year follow-up period, the investigator-initiated trials demonstrated that CT053 had promising efficacy and favorable safety for the treatment of R/R MM, showing early, deep and durable response with 21.8 months DOR. The interim results of the IIT study were used to support our IND applications for LUMMICAR STUDY 1 in China and LUMMICAR STUDY 2 in North America.

Trial Design and Status. The exploratory trials included 24 adult patients with R/R MM who had received at least two prior regimens of myeloma treatment. After preconditioning treatment with fludarabine and cyclophosphamide for two to four days, 21 patients received one cycle of 1.5×10^8 CT053 cells. Three patients received 0.5×10^8, 1×10^8, or 1.8×10^8 cells, respectively. The primary objective was to assess the safety of the CT053 therapy. The secondary objectives included PFS, OS and immunogenicity.

A total of 24 patients with a median age of 60.1 years (range, 38.5-69.9) were enrolled from September 2017 to August 2018. The patients had a median of 5 (range, 2-11) prior regimens of therapy, and 41.7% (10/24) underwent autologous stem cell transplantation. At baseline, 10 patients (41.7%) had concomitant extramedullary involvement, 12 patients (70.6%) had high risk cytogenetic profile, 8 patients (33.3%) had ECOG scores (a measure of a patient's functional status with the score range from 0 to 5) 2-3, and 9 patients (37.5%) reported Injury Severity Score (ISS) Grade III.

As of the data cutoff date June 30, 2020, nine patients completed 24 months of follow-up. The relevant results were presented at the 62nd ASH Annual Meeting and Exposition.

Safety Data. Hematological toxicities were the most common treatment-related adverse events (AEs) of Grade 3 or higher, including leukopenia (83.3%), neutropenia (85%), lymphocytopenia (79.2%) and thrombocytopenia (20.8%). In general, cytokine release

syndrome (CRS) occurred at 1-4 days and resolved in a median 6 days (range, 3-9 days). Low-grade CRS was reported in 15 of 24 (62.5%) patients. All CRS events (4 Grade 1, 11 Grade 2) resolved within 2-8 days; among them, 9 patients received a low dose of tocilizumab 4-6 mg/kg. One patient experienced Grade 3 neurotoxicity, presenting as epilepsy and accompanied by simultaneous Grade 2 CRS. This patient fully recovered within 3 days after treatment with methylprednisolone, diazepam and sodium valproate.

Six patients (25%) experienced 10 cases of treatment-related serious adverse events (SAEs), including lung infection (3), gastroenteritis (1), neutropenic infection (1), fever (1) and hematological toxicities (4). By the data cutoff date, one subject died of SAE (bone marrow failure and neutropenic infection) which was unrelated to the CT053 treatment and related to disease progression (PD), and seven patients died of PD.

Efficacy Data. As of the data cutoff date June 30, 2020, 9 patients completed 24 months of follow-up with responses including 8 stringent complete response (sCR) and 1 complete response (CR). 15 patients discontinued prior to completing the 24-month follow-up, of whom 13 discontinued due to PD, and 2 discontinued for other anticancer therapy.

The overall response rate (ORR) was 87.5% (21/24) including 79.2% (19/24) with complete responses and 66.7% (16/24) stringent complete responses (3 CR, 16 sCR). The median duration of response (DOR) was 21.8 months. The median progression-free survival (PFS) was 18.8 months, with 6-month and 12-month PFS rates of 87% and 60.9%, respectively.

13 patients progressed with median progression-free survival (PFS) of 10.2 months (range, 0.9-23 months), among whom 3 progressed within 6 months, 6 progressed within 6-12 months, and 4 within 12-24 months. Compared to 9 patients with persistent CR/sCR, the 13 progressed patients had a higher percentage of ECOG scores 2-3 (46.2% vs 22.2%), ISS Grade III (53.9% vs 11.1%) and high-risk cytogenetics profiles (53.8% vs 33.3%). Rates of concomitant extramedullary diseases were similar, 46.2% and 44.4%, respectively.

Phase I/II Clinical Trial for MM in China (LUMMICAR STUDY 1)

Overview. LUMMICAR STUDY 1 is an open-label, single-arm, multi-center Phase I/II clinical trial at 17 sites in China to evaluate the safety, efficacy and cytokinetics of CT053 in patients with R/R MM.

Trial Design. The trial consists of a dose escalation and dose expansion study (Phase I) and a safety and efficacy confirmation study (Phase II). 14 patients were enrolled in the Phase I trial and 100 patients are expected to be enrolled in the Phase II trial.

The Phase I trial was conducted in patients with R/R MM who had received at least three prior therapy regimens including a proteasome inhibitor and an immunomodulatory drug, and had measurable disease per the 2016 International Myeloma Working Group (IMWG) criteria. All patients received conditioning treatment of cyclophosphamide (300 mg/m^2/day × 3 days) and fludarabine (25 mg/m^2/day × 3 days). After conditioning, patients received a single

infusion of CT053 at the 1.0-1.5×10^8 CAR^+ T cell dose. The recommended Phase II dose ("**RP2D**") was determined based on the overall safety, tolerability, pharmacokinetics and preliminary efficacy of CT053. Phase II is conducted in patients with R/R MM who have received at least three lines of prior therapies. After conditioning, patients receive a single infusion of CT053 at the 1.5×10^8 CAR^+ T cell dose.

Primary objectives for Phase I are to evaluate the safety and tolerability of CT053 by determining adverse events within 28 days following CT053 infusion, dose-limiting toxicity and maximum tolerated dose, and to identify the RP2D. The primary endpoint for the Phase II trial is the ORR at Week 12 after CT053 infusion.

Trial Status. The Phase I trial was initiated in July 2019 and completed in August, 2020. We have consulted with the NMPA in November 2020, and after reviewing the relevant Phase I data, the NMPA confirmed no objection to the initiation of a pivotal Phase II trial of CT053 for the treatment of MM in China. The Phase II trial was initiated in November 2020 and is anticipated to be completed by the end of 2021.

Phase I Trial Status and Data

As of the data cutoff date September 28, 2020, a total of 14 patients had been enrolled in the trial. All 14 patients were apheresed and received CT053 infusion, including three patients who received 1.0×10^8 CAR^+ T cells and three patients who received 1.5×10^8 CAR^+ T cells at dose escalation, followed by 8 patients who received 1.5×10^8 CAR^+ T cells at dose expansion. Treated patients had received a median of 6 (range 3-7) prior regimens of therapy. Of the 14 patients, 10 (71.4%) received autologous stem cell transplantation, two (14.2%) had EMD disease at baseline, and five (35.7%) had high-risk cytogenetic profile. At data cutoff, all 14 patients had at least four weeks of safety and efficacy assessment with median follow-up of 4.75 months (range, 2.7-13.3). The relevant results were presented at the 62nd ASH Annual Meeting and Exposition.

Safety Data. No dose-limiting toxicities were detected. Two severe adverse events (SAEs) (tumor lysis syndrome, lung infection) were reported and the patients recovered after treatment. The most common Grade 3 or higher AE was hematological toxicity. Of all the 14 patients with at least four weeks' follow-up, all experienced Grade 3 or higher neutropenia (100%), 91.7% of patients had Grade 3 or higher thrombocytopenia, and most recovered to Grade 2 or lower within two weeks. No Grade 3 or higher cytokine release syndrome (CRS) or neurotoxicity was observed. 13 of 14 patients (92.9%) experienced Grade 1 or 2 CRS, including four patients who experienced Grade 2 CRS and nine patients who experienced Grade 1 CRS. CRS events occurred at a median of five days (range 1-11) post-infusion with a median duration of seven days, following a generally predicable onset pattern. 10 patients received tocilizumab treatment, of whom two patients with Grade 2 CRS received both tocilizumab and steroid.

Efficacy Data. As of the data cutoff date September 28, 2020, among 14 patients with at least four weeks of efficacy assessment, a 100% ORR was observed, with six stringent complete responses (sCR), six very good partial responses and two partial responses. Twelve out of 14 patients (85.7%) had very good partial response or better. All six patients with sCR were minimal residual disease (MRD)-negative at the 10^{-5} sensitivity level. Responses were independent of baseline BCMA expression in bone marrow.

Phase II Trial Status

We are enrolling R/R MM patients for the pivotal Phase II trial which was initiated in November 2020 following our consultation with the NMPA. We intend to use the data from this pivotal trial in support of a regulatory submission for approval of CT053 in China.

Phase Ib/II Clinical Trial for MM in North America (LUMMICAR STUDY 2)

Overview. LUMMICAR STUDY 2 is an open-label, multi-center, Phase Ib/II clinical trial in six states of the United States and Ontario, Canada to evaluate the safety and efficacy of CT053 in patients with R/R MM. We included one of the best clinical centers in Canada when designing the trial to reduce the risks associated with obtaining the IND clearance in North America. In addition, we plan to seek marketing approval for CT053 in Canada to expand the global footprint of CT053.

Trial Design. The trial consists of a Phase Ib trial and a Phase II trial. The Phase Ib trial consists of a dose escalation/de-escalation study followed by a dose expansion study. All patients receive a lymphodepletion regimen of cyclophosphamide (500 mg/m^2/day × 2 days) and fludarabine (25 mg/m^2/day × 3 days). A single infusion of CT053 at the targeted 1.5-3.0×10^8 CAR^+ T cell dose is administered after lymphodepletion. Three cellular dose levels of CT053 are planned (1.5-1.8×10^8, 2.5-3.0×10^8, 1.0-1.2×10^8) in Phase Ib. For safety precautions, a stepwise-treatment approach will be used. The starting dose is 1.5-1.8×10^8. At every dose level, the first 3 patients will be infused with CT053 at least 21 days apart from each other. At each dose level, a total of 6 patients are planned. If two dose limiting toxicities are observed in the starting dose, the dose may be reduced to 1.0-1.2×10^8. If the starting dose is safe, the dose may be escalated to 2.5-3.0×10^8. While the dose is escalating to the higher dose level, additional patients will be treated by the starting dose in the dose expansion study to accumulate clinical data prior to the Phase II trial. The Phase II is considered as the pivotal trial if the clinical data is satisfactory to the U.S. FDA and the EMA. The Phase II trial is an open-label and single-arm study with Simon's optimal two-stage design. All patients receive a lymphodepletion regimen of cyclophosphamide (500 mg/m^2/day × 2 days) and fludarabine (25 mg/m^2/day × 3 days). A single infusion of CT053 based on the R2PD identified by Phase Ib is administered after lymphodepletion.

Primary objectives for the Phase Ib trial are to evaluate the safety and tolerability of CT053 by identifying incidence of treatment related adverse events (AEs), with special focus on serious AEs, as well as to determine the maximum tolerated dose (MTD) and related incidence of dose-limiting toxicities (DLTs) and identify the RP2D.

Primary objectives for the Phase II trial are to determine ORR of CT053 therapy in patients with R/R MM per International Myeloma Working Group 2016 response criteria for myeloma patients. Additionally, the trial will evaluate DOR, very good partial response, CR, sCR and MRD status, incidence of treatment related AEs with special focus on serious AEs.

Trial Status. The Phase Ib trial was initiated in September 2019 and the first patient was dosed in December 2019 and 20 patients had received infusion of CT053 as of November 11, 2020. We are completing the Phase Ib trial and communicating with the U.S. FDA regarding the initiation of the pivotal Phase II trial.

Phase Ib Trial Status and Data

As of November 11, 2020, 20 patients had received CT053 infusion, including 14 patients who received 1.5-1.8×10^8 CAR^+ T cells while six patients received 2.5-3.0×10^8 CAR^+ T cells. The treated patients had a median age of 62 years (range 36-78), had received a median of 5 (range 3-11) prior lines of treatment, 100% were triple exposed to a protease inhibitor (PI), immunomodulatory drug (IMiD), and anti-CD38 antibody, 85% were triple refractory, 70% were penta-exposed (i.e., in addition to being refractory to the foregoing therapeutics, patients received treatment of one PI and one IMiD), and 50% were penta-refractory. In addition, 25% of the patients had EMD at baseline, and 55% had high-risk cytogenetics. 85% patients received bridging therapy. The relevant results were presented at the 62nd ASH Annual Meeting and Exposition.

Safety Data. The most common Grade 3 or higher AE was hematological toxicity. All patients experienced Grade 3 or higher neutropenia (100%) and leukopenia (100%), and 36% of patients had Grade 3 or higher thrombocytopenia within 30 days of treatment. No Grade 3 or higher CRS was observed. 15 of 19 patients (79%) experienced Grade 1 or 2 CRS, including three patients who experienced Grade 2 CRS. CRS events had a generally predictable time to onset, occurring at a median of two days post infusion with a median duration of four days (range 1-6). Three patients experienced neurotoxicity (1 Grade 1, 1 Grade 2 and 1 Grade 3, respectively). The subject who experienced Grade 3 neurotoxicity had complete resolution upon administration of dexamethasone. Overall, six patients received tocilizumab, and four patients received both tocilizumab and steroids. No dose limiting toxicities were observed in the trial. One patient died from unrelated Grade 5 cardiac arrest on Day 127 after CT053 infusion.

Efficacy Data. As of the data cutoff date November 11, 2020, 18 patients were evaluable for at least two months of efficacy assessment with a median follow-up of 6 months (range 2-11). A 94.4% (17/18) ORR was observed, with five sCRs/CRs, five very good partial responses, and seven partial responses. Of the 14 patients with evaluable bone marrow samples, 12 were MRD-negative at the 10^{-5} sensitivity level. Responses were independent of baseline bone marrow BCMA expression.

Clinical Development Plan

We plan to submit a NDA to the NMPA in the first half of 2022 and submit a BLA to the U.S. FDA in the first half of 2023. We are also planning for a randomized global Phase III trial, LUMMICAR STUDY 3, in 2022 to assess CT053 as an earlier line of treatment for R/R MM. In particular, the trial will be a multi-center, randomized, open-label, Phase III global trial for patients with R/R MM who have received one to three prior lines of systemic therapies. Patients will be randomized to receive CT053 treatment or standard triplet regimens. After eligibility evaluation, patients will be enrolled and randomized using the following stratification factors: (1) geographic region (U.S. and EU vs. Asia-Pacific), (2) prior lines of therapy (1 vs. 2 and 3 prior lines), and (3) cytogenetic profile (high vs low cytogenetic risk by fluorescence in situ hybridization). The primary outcome measure of the trial is progression free survival as determined by an independent review committee. Other assessment measures include overall survival, response rate, duration of response, minimal residual disease, and safety. The trial is planned to be launched in the U.S. and certain EU and Asia-Pacific countries that we select based on factors such as the market size, economic condition and compatibility with our overall global strategy. Corresponding regulatory authorities include the U.S. FDA, the EMA and relevant health authorities in the countries where we conduct the clinical trial.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CT053 SUCCESSFULLY.

Humanized CLDN18.2 CAR-T (CT041)

Overview

CT041 is an autologous CAR-T product candidate that targets Claudin-18.2 ("**CLDN18.2**"), which is a stomach-specific isoform of Claudin-18 and is highly expressed in gastric and pancreatic cancer cells. CT041 is genetically modified to express a CAR construct consisted of a humanized CLDN18.2-specific single-chain fragment variant (hu8E5-2I), a CD8α hinge region, a CD28 transmembrane region, a CD28 intracellular signal domain (CD28 ICD), and a CD3ζ intracellular signal region. We have demonstrated in our pre-clinical studies the ability of CLDN18.2-specific CAR-T cells to eradicate CLDN18.2 positive gastric cancer xenografts in mice without obvious on-target off-tumor toxicity. We expect that such toxicity to the normal gastric tissue is limited in gastric cancer patients as well, in light of the stronger regenerative capability of gastric tissue. In addition, as of the data cutoff date December 18, 2020, the investigator-initiated trial conducted at Beijing Cancer Hospital in China showed that CT041 was safe and tolerated in treated cancer patients. With an ORR of 50% in the 22 evaluable patients who had advanced gastric/gastroesophageal cancer, the trial suggests that CT041 potentially has a significantly superior efficacy for treating gastric/gastroesophageal cancer as compared to the standard of care and other therapeutic solutions currently available, according to Frost & Sullivan. In addition, CT041 also showed a preliminary efficacy among five evaluable patients with pancreatic cancer who failed two prior lines of systemic treatments.

We are conducting a Phase Ib/II clinical trial of CT041 for advanced gastric/gastroesophageal junction cancer and pancreatic cancer in China and a Phase Ib clinical trial of CT041 for advanced gastric or pancreatic cancer in the United States to evaluate the safety and efficacy of the CT041 therapy. CT041 received the Orphan Drug designation for the treatment of gastric/gastroesophageal junction cancer from the U.S. FDA in 2020 and the Orphan Medicinal Product designation for the treatment of gastric cancer from the EMA in 2021.

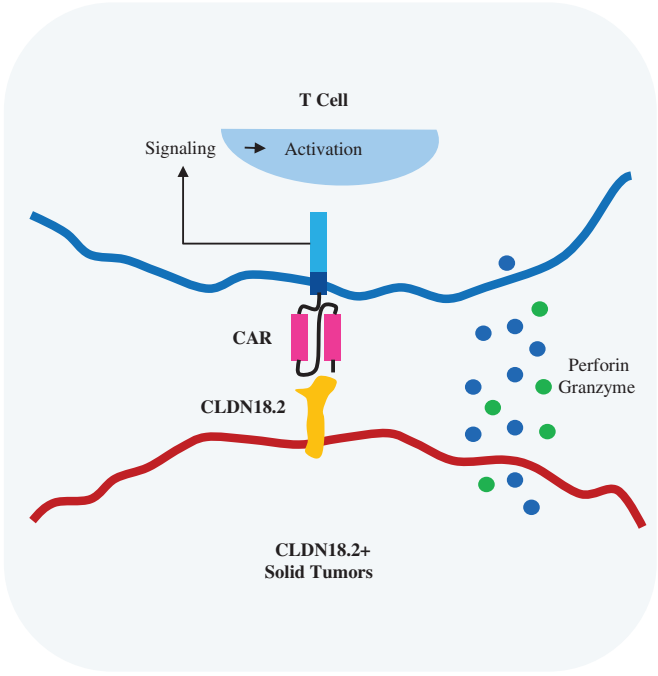
As of the Latest Practicable Date, we were conducting the Phase Ib part of the Phase Ib/II clinical trial in China and the Phase Ib clinical trial in the U.S. Given the status of our clinical trials of CT041, in China we had applied for the required regulatory approval for initiating the pivotal Phase II clinical trials but have not received the approval yet, while we have neither applied for nor received the regulatory approval for initiating the pivotal Phase II clinical trial in the U.S. We do not foresee any material difficulty in obtaining the required regulatory approval for the pivotal Phase II clinical trials in China and the U.S. However, we cannot guarantee that we will obtain such requisite approval and there is a risk that we may not be able to do so. For additional information, see "Risk Factors — Risks Relating to Discovery, Pre-Clinical Development and Clinical Development of Our Product Candidates."

Mechanism of Action

Claudins, or CLDNs, are central components of tight junctions, which are the main cell-cell contacts among epithelium and endothelium. Different CLDNs are expressed in various tissues and can be altered during carcinogenesis. Disturbance and dysregulation of tight junction molecules is a frequent hallmark of cancer cells and often associated with malignant transformation and metastasis and, hence, disease progression. CLDN18.2, an isoform of Claudin-18, is a tissue restricted marker that is exclusively expressed in cancer and in short-lived differentiated cells of the gastric mucosa, but it is absent from the gastric stem cell zone. CLDN18.2 is observed in a large fraction of gastric cancers. Approximately 70-80% of gastric cancer patients exhibit expression of CLDN18.2 in the cancer tissue. In addition, CLDN18.2 is aberrantly expressed in a variety of epithelial solid tumors, including pancreatic, esophageal, ovarian and lung tumors.

CT041, a CLDN18.2-specific CAR-T product, consists of autologous T cells genetically modified with a CAR incorporating a humanized anti-CLDN18.2 single chain fragment variant, therefore enabling effective targeting and eradication of tumor cells expressing CLDN18.2 on the cell surface. Although CLDN18.2 is expressed in certain normal gastric tissues, our pre-clinical studies on mice did not show obvious on-target off-tumor toxicity of CLDN18.2-specific CAR-T cells in mice. This is consistent with our investigator-initiated trial at Beijing Cancer Hospital, which reported no death or withdrawal due to adverse events, or severe CRS or neurotoxicity as of the data cutoff date December 18, 2020.

The following diagram demonstrates mechanism of action of CT041.



Source: Brown, C.E., Mackall, C.L. CAR T cell therapy: inroads to response and resistance. Nat Rev Immunol 19, 73–74 (2019). https://doi.org/10.1038/s41577-018-0119-y, Larson, R.C., Maus, M.V. Recent advances and discoveries in the mechanisms and functions of CAR T cells. Nat Rev Cancer 21, 145–161 (2021). https://doi.org/10.1038/s41568-020-00323-z, Frost & Sullivan Analysis

Market Opportunity and Competition

Market Opportunity

Gastric cancer is the third leading cause of global cancer-related deaths, with approximately one million new cases diagnosed each year. Despite advances in surgical techniques and improvements in development of new chemotherapy protocols, the five-year survival is about 5%-20% and the median overall survival is about 10 months for patients with advanced gastric cancer. Thus, the need for life-prolonging strategies in the management of gastric cancer patients remains urgent.

The global incidence of gastric cancer increased from 980.4 thousand in 2016 to 1,061.4 thousand in 2019, representing a CAGR of 2.7%. The global incidence is expected to reach 1.2 million in 2024 at a CAGR of 2.7% from 2019, and further increase to 1.4 million in 2030 at a CAGR of 2.6% from 2024 to 2030. Gastric cancer is one of the most frequently occurring cancers in China. The incidence of gastric cancer in China grew from 415.9 thousand in 2016 to 455.8 thousand in 2019 at a CAGR of 3.1%. The incidence of gastric cancer in China is expected to reach 525.8 thousand in 2024 at a CAGR of 2.9% from 2019, and further increase to 613.8 thousand in 2030, representing a CAGR of 2.6% from 2024 to 2030.

Pancreatic cancer is a devastating disease and is one of the most lethal cancer types not only in China but also around the globe. The overall survival rates for patients with pancreatic cancer have not significantly improved over the past thirty years due to a lack of effective systemic treatments. One of the reasons for the high mortality rates is the high resistance of pancreatic cancer to chemotherapy and radiation. Most patients are diagnosed at late stages of the disease. Although approximately 15%-20% of patients diagnosed with pancreatic cancer are eligible for surgical resection, 85% of these patients eventually experience relapse and ultimately cancer-related death.

The global incidence of pancreatic cancer grew from 434.7 thousand in 2016 to about 471.5 thousand in 2019, representing a CAGR of 2.7%. It is expected that the incidence of pancreatic cancer will increase to 542.2 thousand in 2024, at CAGR of 2.8% from 2019, and further increase to 639.0 thousand in 2030, at a CAGR of 2.8% from 2024 to 2030. The incidence of pancreatic cancer in China increased from 98.2 thousand in 2016 to 108.4 thousand in 2019, representing a CAGR of 3.3%. The incidence of pancreatic cancer is expected to grow to 127.1 thousand in 2024 at a CAGR of 3.2% from 2019, and further increase to 152.2 thousand in 2030, at a CAGR of 3.0% from 2024 to 2030.

Current Treatment Options and Limitations

Surgery is the main method in treating gastric cancer from stage I to III, while chemotherapy and targeted therapy are adopted to treat advanced metastatic gastric cancer in China and in the U.S. To date, trastuzumab, a monoclonal antibody targeting HER2, is the first and only anti-HER2 mAb for gastric cancer treatment approved by authorities in China and the U.S. Despite the reported efficacy of trastumab, its application is limited by the relatively small portion of HER2 positive gastric cancer, which only accounts for approximately 7.3%-20.2% of all gastric cancer cases. For HER2 negative gastric cancer, chemotherapy and anti-PD1/L1 therapy only bring a limited survival benefit. In ATTRACTION-2 study, Nivolumab as a third or later line gastric cancer therapy had an ORR of 11.2%, a median PFS of 1.6 months and a median OS of 5.3 months. In KEYNOTE-059 study, Pembrolizumab had an ORR of approximately 11.6%, a median PFS of approximately 2 months and a median OS of 5.6 months.

The treatment of pancreatic cancer mainly includes surgical treatment, radiotherapy, chemotherapy and interventional therapy. The SOC for first-line pancreatic cancer treatment is systemic chemotherapy, which exhibits a limited efficacy with an ORR of 19-33% and an OS in the range of 6-11 months. There is no SOC for second-line pancreatic cancer treatment, and the available second-line treatment options typically have poor ORR of single digit and bring a marginal survival benefit. Currently, there are limited options for targeted therapies. Several targeted therapies besides erlotinib have been assessed in combination with gemcitabine, but none has shown significantly improved outcome. Drug resistance significantly limits the efficacy of pancreatic cancer treatment. Most treated patients develop drug resistance against certain first-line drugs, such as gemcitabine. In addition, only approximately 1-2% of pancreatic cancer patients

are eligible for the anti-PD-1/PD-L1 treatment. The lack of effective systemic treatments for pancreatic cancer leads to poor prognosis. Patients diagnosed with pancreatic cancer have one of the poorest survival prognosis of any cancer. The overall five-year survival rate of pancreatic cancer patients is about 7.2% in China and about 6% (ranges from 2% to 9%) worldwide. For additional information, see "Industry Overview — Overview of Claudin18.2-Targeted CAR-T Cell Therapy."

Competitive Landscape

Our pipeline product, CT041, is the only CLDN18.2-targeted CAR-T product candidate globally that is currently studied in clinical trials with IND approvals.

Investigator-Initiated Trial for CLDN18.2 positive Advanced Solid Tumors at Beijing Cancer Hospital in China

The investigator-initiated trial of CT041 is led by Dr. Lin Shen and conducted under strictly GCP-compliant conditions at Beijing Cancer Hospital, a Class III Grade A specialized hospital in Beijing, China. We engineered, produced and provided CAR-T cells to the clinical team for administration in patients. As of the data cutoff date December 18, 2020, the trial demonstrated that CT041 therapy was safe and tolerated and may have promising therapeutic efficacy in patients with advanced gastric/gastroesophageal cancer, pancreatic cancer and other gastrointestinal carcinoma with positive CLDN18.2 expression. The interim results of the trial were used to support our IND applications for the Phase Ib/II clinical trial for advanced gastric/gastroesophageal junction cancer and pancreatic cancer in China and the Phase Ib clinical trial for advanced gastric or pancreatic cancer in the United States.

Overview. An open-label, single/multiple infusion, dose exploratory trial is being conducted in China to evaluate the safety and pharmacokinetics of CT041 therapy, and to obtain the preliminary efficacy results in patients who have been diagnosed with CLDN18.2 positive advanced solid tumor and failed the standard systemic treatment.

Trial Design. The trial consists of dose escalation and dose expansion studies. The CT041 dose levels are 2.5×10^8, 3.75×10^8 and 5.0×10^8 CAR^+ T cells, respectively, for the dose escalation study. A recommended dose is applied in the dose expansion study. The trial is designed to be conducted on a total of approximately 50 patients with pathologically confirmed solid tumors, including advanced gastric cancer, gastroesophageal junction cancer and pancreatic cancer. The eligible patients have tumor tissues expressing CLDN18.2 as determined by immunohistochemistry staining, and have failed at least one prior line of systemic treatment. All patients may receive the FNC preconditioning regime.

Primary objectives for the dose escalation study are to assess safety and tolerability of the CT041 therapy by identifying DLT and MTD. Primary objectives for the dose expansion study are to investigate the efficacy and safety of CT041 in the treatment of gastric/gastroesophageal junction cancer and pancreatic cancer, with a focus on gastric/gastroesophageal junction cancer.

Trial Status. This trial was initiated in June 2019 and is anticipated to be completed in 2022. The first patient was dosed in August 2019. As of December 18, 2020, 32 patients with CLDN18.2 positive advanced solid tumors had been treated with CT041. Three dose levels at 2.5×10^8 CAR^+ T cells (23 patients), 3.75×10^8 CAR^+ T cells (6 patients) and 5.0×10^8 CAR^+ T cells (3 patients) were investigated. A total of 31 patients, including 22 patients with gastric cancer, 5 with pancreatic ductal adenocarcinoma and 4 with other types of solid tumors, received CT041 infusion and completed at least 8 weeks' safety, efficacy and cytokinetic assessment after the first infusion. Among 22 patients with gastric cancer, 18 received at least 2 prior lines of therapies and 4 received 1 prior line therapy.

Safety Data. As of the data cutoff date December 18, 2020, CT041 was generally tolerated at the three dosage levels investigated. All patients reported Grade 3/4 hematologic adverse events which were generally related to the lymphodepletion preconditioning. The most commonly reported non-hematologic adverse events related to CT041 were fever and CRS. No Grade 3 CRS or neurotoxicity were reported. There was no death or withdrawal of patients due to adverse events. In dose escalation part, no DLT was observed within 28 days post first infusion. Because one patient receiving the dose of 5.0×10^8 CAR-T cell suffered grade 4 GI hemorrhage due to rapidly tumor regression after the second infusion, we decreased the dose to 3.75×10^8 and 2.5×10^8 CAR-T cells after meeting with the Safety Monitoring Committee (SMC). Re-infusion of CT041 occurred in 13 out of 31 patients, and it did not increase the severity and frequency of treatment related adverse events.

Efficacy Data. As of the data cutoff date December 18, 2020, the 22 patients with gastric/gastroesophageal junction cancer who had at least one efficacy assessment showed an ORR of 50%. The median PFS was 4.2 months, the median DOR was 4.6 months, and the median OS was 9.5 months. The patients with gastric/gastroesophageal junction cancer achieved a promising response rate regardless of the expression level of CLDN18.2 or PD-1, previous treatment (including immune checkpoint inhibitors), or the number of metastatic sites. In addition, CT041 showed a preliminary efficacy in five evaluable patients with pancreatic cancer who failed two prior lines of systemic treatments.

Phase Ib/II Clinical Trial for Advanced Gastric/Gastroesophageal Junction Cancer and Pancreatic Cancer in China

Overview. We are conducting an open-label, multicenter Phase Ib/II clinical trial in China to evaluate the effectiveness, safety and cellular metabolic kinetics of autologous CT041 therapy in patients with CLDN18.2 positive advanced gastric/gastroesophageal junction cancer that has failed at least the second-line therapy or advanced pancreatic cancer that has failed at least the first-line therapy.

Trial Design. Phase Ib of the trial consists of a dose exploration stage and a dose expansion stage. Two dose levels (2.5×10^8 and 3.75×10^8 CAR^+ T cells) will be evaluated, followed by dose expansion. Phase II of the trial is designed to be conducted on a total of approximately 100 patients with CLDN18.2 positive advanced gastric/gastroesophageal junction cancer that has failed at least two prior systemic lines of therapy and advanced pancreatic cancer that has failed at least the first-line therapy.

The primary objective for the Phase Ib trial is to evaluate the safety of CT041. It is also designed to identify the RP2D for the subsequent Phase II trial. Primary endpoints for the dose exploration stage of the Phase Ib trial include incidence of treatment-related AEs, as well as MTD and associated incidence of DLTs. The primary endpoint for dose expansion stage of Phase Ib is ORR.

The primary endpoint for the Phase II trial is ORR at week 24 post CT041 treatment for gastric/gastroesophageal junction cancer and ORR at week 12 post CT041 treatment for pancreatic cancer. Secondary endpoints for the Phase II trial include DOR, PFS, disease control rate and OS.

Trial Status. This trial was initiated in October 2020 and is anticipated to be completed in the second half of 2022. The first patient was dosed in November 2020. Patient enrollment is currently ongoing for this trial.

Phase Ib Clinical Trial for Advanced Gastric or Pancreatic Cancer in the United States

Overview. We are conducting an open-label, multicenter Phase Ib clinical trial at four sites in the United States to evaluate the safety and efficacy of autologous CT041 therapy in patients with CLDN18.2 positive advanced gastric or pancreatic cancer.

Trial Design. The trial consists of a dose escalation study followed by a dose expansion study. It is designed to be conducted on a total of approximately 30 patients with pathologically confirmed gastric or pancreatic cancer, with tumor tissues being positive for CLDN18.2 expression as determined by immunohistochemistry staining. All patients will receive the FNC preconditioning regimen. A single infusion of CT041 at the targeted dose level will be administered after preconditioning. Three dose levels of CT041 at $1.25\text{-}1.5\times10^8$, $2.5\text{-}3.0\times10^8$ and $3.75\text{-}4.0\times10^8$ CAR^+ T cells are planned. For safety precautions, a stepwise-treatment approach will be used. The starting dose is $2.5\text{-}3.0\times10^8$ CAR^+ T cells. At every dose level, the first 3 patients receive CT041 infusion at least 21 days apart from each other. At each dose level, a total of 6 patients are planned. If two dose limiting toxicities are observed in the starting dose, the dose may be reduced to $1.25\text{-}1.5\times10^8$ CAR^+ T cells. If the starting dose is safe, the dose may be escalated to $3.75\text{-}4.0\times10^8$ CAR^+ T cells. The second infusion at the same dose level may be considered for the patients. While the dose is escalating to the higher dose level, additional patients will be treated with the starting dose in the dose expansion study to accumulate clinical data.

The primary objective for the Phase Ib trial is to evaluate the safety of CT041 at the designed dose levels. RP2D will also be identified for the future Phase II clinical trial.

Trial Status. This trial was initiated in October 2020 and is anticipated to be completed in the second quarter of 2022. Patient enrollment is currently ongoing for this trial.

Clinical Development Plan

We have applied to the NMPA for the required regulatory approval for initiating the pivotal Phase II clinical trial in China. We plan to submit the NDA to the NMPA in the second half of 2022 for the treatment of gastric cancer patients who have failed at least two prior lines of systemic therapies. Subsequently, we plan to submit the NDA to the NMPA for the treatment of pancreatic cancer patients who have failed at least the first line systemic therapy. We also intend to conduct a pivotal Phase II trial in the United States in 2022 in patients with gastric/gastroesophageal junction cancer or pancreatic cancer. We anticipate to submit the BLA to the U.S. FDA in 2023. We are also considering pivotal Phase II clinical trials in Canada, Europe and Asia-Pacific countries in patients with gastric/gastroesophageal junction cancer or pancreatic cancer. Going forward, we plan to develop CT041 as an earlier line treatment for CLDN18.2 positive solid tumors, both as a single agent and in combination with other therapies.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CT041 SUCCESSFULLY.

Humanized GPC3 CAR-T (CT011)

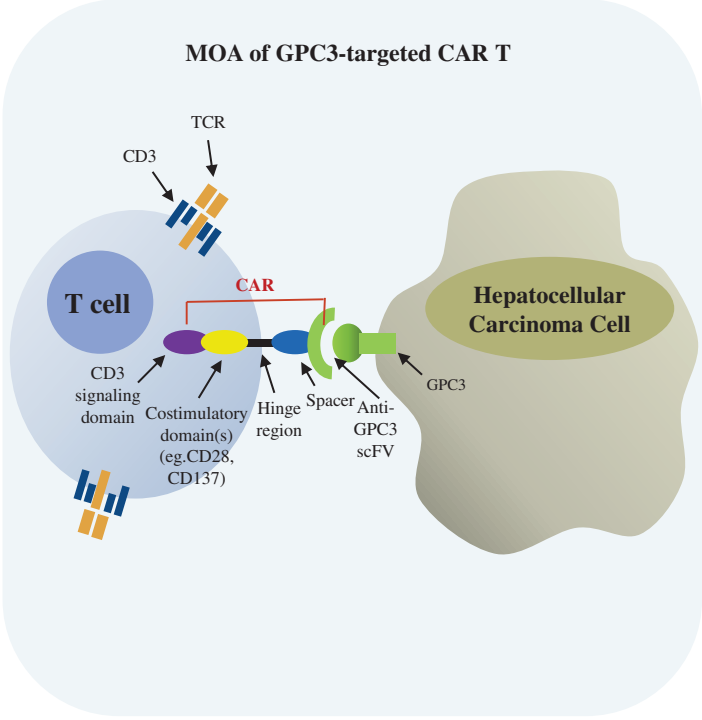
Overview

CT011 is an autologous CAR-T product candidate that targets glypican-3 (GPC3), which is highly expressed in HCC and is suggested to be a prognostic marker for the disease. CT011 cells are T cells genetically modified to express a CAR incorporating a humanized GPC3-specific single-chain fragment variant. Our previous investigator-initiated trial in China with 13 patients enrolled with advanced $GPC3^+$ HCC demonstrated that CT011 therapy was generally tolerable in patients who have been heavily treated. The overall survival rates at 3 years, 1 year and 6 months being 10.5%, 42.0% and 50.3%, respectively, with a median overall survival duration of 278 days. Such results suggest CT011 may potentially be superior as compared to the currently available molecular targeted therapies such as sorafenib for advanced HCC patients, which could improve patient survival with a median overall survival of 6.5-10.7 months. We have initiated a Phase I clinical trial in China to evaluate the safety, cellular metabol kinetics and efficacy of CT011 in patients with GPC3 positive advanced HCC.

Mechanism of Action

Glypican-3 (GPC3) is a member of the heparan sulfate proteoglycan family and attaches to cell surfaces via a glycosylphosphatidylinositol anchor. Recent studies demonstrated that GPC3 may be a prognostic marker for HCC, with high GPC3 expression in tumor cells associated with poor prognosis. The exact role played by GPC3 in the proliferation and suppression of cell growth in normal tissues and abnormal or cancerous tissues is not fully elucidated. Our previous studies demonstrated that GPC3 is highly expressed in HCC and squamous non-small cell lung cancer but is not expressed in kidney or gastric glands. In addition, we demonstrated that CAR-T cells targeting GPC3 could eliminate $GPC3^+$ HCC cells *in vitro* and eradicate $GPC3^+$ HCC tumor xenografts in mice. These findings suggest that GPC3 is an immunotherapeutic target for the development of CAR-T therapy against HCC. CT011 is a GPC3-specific CAR-T cell, consisting of autologous T cells genetically modified with a humanized anti-GPC3 single-chain variable fragment. Therefore, it is designed to effectively target and eliminate HCC tumor cells bearing GPC3 protein on their surface.

The following diagram demonstrates mechanism of action of CT011.



Source: Larson, R.C., Maus, M.V. Recent advances and discoveries in the mechanisms and functions of CAR T cells. Nat Rev Cancer 21, 145–161 (2021). https://doi.org/10.1038/s41568-020-00323-z, Brown, C.E., Mackall, C.L. CAR T cell therapy: inroads to response and resistance. Nat Rev Immunol 19, 73–74 (2019). https://doi.org/10.1038/s41577-018-0119-y, Frost & Sullivan Analysis

Market Opportunity and Competition

Market Opportunity

Liver cancer has the fourth highest incidence among all cancers and was the second leading cause of death from cancer in China in 2019, according to Frost & Sullivan. The most common type of liver cancer is HCC. HCC is one of the most lethal cancers and the fourth-most-common cause of cancer-related deaths worldwide.

The incidence of HCC worldwide in 2016 was 720.3 thousand and reached 776.0 thousand by 2019, representing a CAGR of 2.5% from 2016 to 2019. It is expected to increase to 876.6 thousand in 2024 at a CAGR of 2.5% from 2016 to 2019. In 2030, the incidence of HCC is expected to further increase to 1.0 million, representing a CAGR of 2.3% from 2024 to 2030. The incidence of HCC in China accounts for approximately half of the all HCC incidences around the world. In China, the incidence of HCC was 342.0 thousand in 2016 and reached 369.4 thousand in 2019, representing a CAGR of 2.6% from 2016 to 2019. It is expected to increase to 416.5 thousand in 2024 at a CAGR of 2.4%. The incidence of HCC in China is expected to further increase to 473.4 thousand in 2030, representing a CAGR of 2.2% from 2024 to 2030.

Current Treatment Options and Limitations

Considerable challenges exist in the clinical management of HCC. Only less than 20% of HCC cases are diagnosed at an early stage that may be suitable for curative treatment, such as surgical resection, liver transplantation, or other local ablation therapies.

As the understanding of liver cancer pathogenesis evolves, the treatment landscape of HCC has advanced significantly, progressing from traditional chemotherapy to multi-kinase inhibitors and checkpoint inhibitors. However, the overall treatment options for HCC patients still remain limited, especially as patients reach later stages of progression. There are few choices of second-line and subsequent treatments for patients with stage IIIa or stage IIIb HCC, and only supportive care is available for patients at stage IV.

There is an unmet need for therapies with a favorable risk-benefit profile and the potential to be used alone or in combination with other approved or emerging therapies for advanced HCC. Sorafenib, which is approved by the U.S. FDA as a first-line treatment for advanced HCC, is a multi-kinase inhibitor that targets VEGFR and many other kinases and exhibits anti-angiogenic effects. Regorafenib is approved by the U.S. FDA as a second-line treatment for advanced HCC based on data from a pivotal trial showing improved median overall survival of 2.8 months and an ORR of 11% in patients with documented disease progression following sorafenib treatment. In clinical practice, however, patients often require dose modifications or discontinue therapy with sorafenib and regorafenib due to tolerability issues. The first approved combination therapy of

PD-1/PD-L1 inhibitors and TKIs in the first line setting can achieve an ORR of 28% and a median PFS of 6.8 months. Currently, there are no treatment options available for metastatic or local advanced HCC patients who have failed PD-1/PD-L1 inhibitors and TKIs.

Competitive Landscape

There are two GPC3-targeted CAR-T product candidates currently under IND clinical development, CT011 developed by us and TAK-102 developed by Takeda. We obtained IND clearance from the NMPA for CT011 in 2019, which is the first IND clearance by the NMPA for the use of CAR-T therapy to treat solid tumors, according to Frost & Sullivan. Both of the GPC3-targeted CAR-T product candidates are currently in Phase I clinical trial for the treatment of GPC3 positive solid tumors, such as HCC. For additional information, see "Industry Overview — Overview of GPC3-Targeted CAR-T Cell Therapy."

Investigator-Initiated Trial for HCC

Overview. First-in-human Phase I trials of CT011 were conducted in adult patients with advanced $GPC3^+$ HCC to assess the safety of the CT011 therapy following lymphodepletion. The trials were sponsored and conducted by principal investigators at Renji Hospital, a Class III Grade A general hospital in Shanghai, China. We engineered, produced and provided CAR-T cells to the principal investigators at those hospitals for administration in patients. The NMPA permitted us to rely on the initial results and the underlying data points from the trial to support our IND application for the Phase I clinical trial of CT011 for HCC in China. The results of the trial were used to support our IND application for the Phase I clinical trial of CT011 for the treatment of GPC3 positive, advanced HCC in China.

The relevant results of this trial were published in Clinical Cancer Research, a peer-reviewed medical journal with an impact factor of over 10 in 2020 published by the American Association for Cancer Research, the world's largest professional association related to cancer research.

Trial Design. Adult patients with advanced HCC which relapsed at least twice within two years were screened for GPC3 expression with immunohistochemistry staining. 13 patients with GPC3 positive HCC who met other eligibility criteria were enrolled in the trial. All of the enrolled patients received prior surgical resection, local therapy, or systemic therapy, and 10 patients had GPC3 immunohistochemistry staining intensity score of 3+ (strong expression of GPC3). The patients underwent leukapheresis to obtain peripheral blood mononuclear cells for the generation of autologous CT011 cells. Except for one patient who received two cycles of treatment, the enrolled patients received one cycle of CT011 therapy following lymphodepletion performed two to six days before CT011 infusion. Eight patients, including the patient who underwent two cycles of treatment, received gradually increasing dose of

CAR-T cells during the treatment cycle until the dose reached 2×10^9 CAR^+ T cells or manifestation of dose-limiting toxicity. The other five patients received a fixed dose of 20.0×10^8 CAR^+ T cells. The primary objective was to assess the safety of the treatment.

Trial Status. The sequential studies were initiated in March 2015 and were completed in November 2018. A total of 13 patients with GPC3 positive HCC received CT011 therapy.

Safety Data. As of the data cutoff date July 24, 2019, CT011 therapy was generally tolerable in patients who have been heavily treated, even with doses greater than 20.0×10^8 CAR^+ T cells. All but one patient experienced an expected transient Grade 3/4 decrease in lymphocyte count resulting from chemotherapy-induced lymphodepletion. Grade 1/2 CRS was observed and was reversible in eight patients. One patient experienced Grade 5 CRS. No patients experienced Grade 3/4 neurotoxicity, and no patients experienced CAR T cell-related infusion reactions.

Efficacy Data. As of the data cutoff date July 24, 2019, the overall survival rates at 3 years, 1 year, and 6 months were 10.5%, 42.0%, and 50.3%, respectively, according to the Kaplan-Meier method, with a median OS duration of 278 days (39.7 weeks). Two patients had partial responses with significant shrinkage of target lesions. Their OS durations were 615 days and 385 days, respectively, and their PFS durations were 111 and 99 days, respectively. CAR T cell expansion tended to be positively associated with tumor response. As of the end of 2020, one subject with sustained disease-free survival had been alive for over five years since receiving the CT011 treatment.

Phase I Clinical Trial for HCC

Overview. We are conducting an open-label, single-arm, multicenter Phase I clinical trial in China to evaluate the safety, cellular metabolokinetics and efficacy of the CT011 therapy at single escalating doses in patients with GPC3 positive, advanced HCC.

Trial Design. The trial is designed to be conducted on a total of approximately 15 patients with GPC3 positive, locally unresectable or metastatic HCC and who have received at least one prior systemic therapy. Two dose levels at 2.5×10^8 and 5.0×10^8 CAR^+ T cells are to be evaluated in enrolled patients. Primary objectives are to evaluate the safety and tolerability of CT011 by identifying DLT and MTD.

Trial Status. This Phase I trial was initiated in August 2019 and is anticipated to be completed by the end of 2021. Patient enrollment is currently ongoing for this trial.

Clinical Development Plan

We plan to submit a subsequent application to the NMPA for a Phase II clinical trial of CT011 in GPC3 positive HCC patients in the second half of 2021 and initiate the Phase II trial upon approval.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CT011 SUCCESSFULLY.

Humanized CD19 CAR-T (CT032)

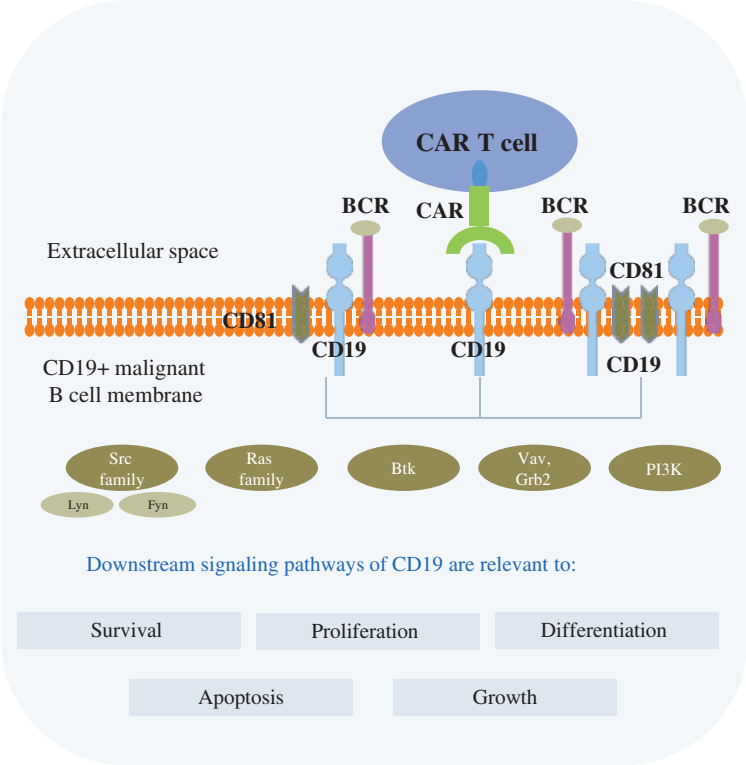
Overview

CT032 is an autologous CAR-T product candidate that targets CD19, which is a cell surface protein highly expressed in B cell lymphoma and leukemia. CT032 cells are T cells genetically modified to express a CAR incorporating a humanized CD19-specific single-chain fragment variant as the targeting moiety. We expect CT032 is potentially capable of reducing the level of immunogenicity and toxicity as compared to other currently commercialized CD19 CAR-T cell therapies which all utilize murine targeting moieties. We are conducting an open-label, single-arm, Phase I/II clinical trial in China to evaluate the safety, efficacy and cellular kinetics of CT032 for the treatment of R/R B cell non-Hodgkin's lymphoma (B-NHL).

Mechanism of Action

CD19 is a cell surface protein expressed on normal and malignant B lymphocytes that is involved in regulating B cell activation. CD19 is highly expressed in B cell lymphoma and leukemia, and its expression varies between different types of these malignancies. Importantly, CD19 is not expressed in hematopoietic stem cells or normal non-hematopoietic cells. As a target for immunotherapies, CD19 has been validated through regulatory approvals of three anti-CD19 products globally. With the exception of B-cell aplasia, which is generally managed without significant risks to a patient, available clinical information suggests that toxicity in connection to the on-target/off-tumor effect is not a significant concern on CAR-T therapies targeting CD19. CT032 cells are genetically modified T cells that express a humanized anti-CD19 CAR, which binds to the extracellular domain of CD19 and leads to T cell activation, therefore enabling specific recognition and elimination of tumor cells that harbor CD19 on the cell surface.

The following diagram demonstrates mechanism of action of CT032.



Source: https://www.ema.europa.eu/en/documents/presentation/presentation-chimeric-antigen-receptor-t-cells-charting-course-clinical-trials-commercialization_en.pdf, https://www.jacionline.org/article/S0091-6749(15)01265-8/pdf, Frost & Sullivan Analysis

Market Opportunity and Competition

Market Opportunity

Lymphomas are hematologic cancers involving lymphoceles of the immune system. The two main categories of lymphomas are Hodgkin's lymphomas (HL) and the non-Hodgkin lymphomas (NHL). NHL accounts for around 90% of lymphoma with varieties of subtypes. NHL can be further categorized by the characteristic of the lymphoma cells, with B cell NHL, or B-NHL, accounting for approximately 85% of all NHL incidence. Diffuse large B cell lymphoma (DLBCL) is the most common subtype of B-NHL, accounting for up to 68% of the B-NHL incidence, and a fast-growing, aggressive form of B cell NHL (B-NHL). In DLBCL, the abnormal B cells are larger than normal, and they stop responding to signals that usually limit the growth and reproduction of cells.

The incidence of B-NHL worldwide in 2016 was 413.6 thousand and reached 443.3 thousand in 2019, representing a CAGR of 2.3% from 2016 to 2019. This figure is expected to increase to 497.8 thousand in 2024, with a CAGR of 2.3% from 2019 to 2024. In 2030, the incidence of B-NHL is expected to further increase to 568.6 thousand, with

a CAGR of 2.2% from 2024 to 2030. In China, the incidence of B-NHL in 2016 was 59.5 thousand and reached 64.2 thousand in 2019, representing a CAGR of 2.6% from 2016 to 2019. This figure is expected to further increase to 72.3 thousand in 2024, representing a CAGR of 2.4% from 2019 to 2024. In 2030, the incidence of B-NHL is expected to further increase to 82.3 thousand, with a CAGR of 2.2% from 2024 to 2030.

Current Treatment Options and Limitations

According to the Chinese Society of Clinical Oncology (CSCO) guideline, a monoclonal antibody (rituximab) in combination with chemotherapy represents the standard DLBCL treatment regimen for both initial as well as relapse/refractory occurrence. According to the National Comprehensive Cancer Network (NCCN) guideline, rituximab in combination with chemotherapy represents the standard DLBCL treatment regimen for both initial as well as relapse/refractory occurrence. Compared with the CSCO guideline, there are more options for the second line treatment of DLBCL, such as anti-CD19 CAR-T cell therapy, due to more treatment options having been approved by the U.S. FDA.

Most of the currently available treatment paradigms have limited efficacy but may lead to severe adverse effects or exert heavy burden on the patients. For example, due to the off-target toxicity associated with the currently widely-used small-molecule targeted drugs and chemotherapy, a variety of adverse effects, such as vomiting, nausea, or hair loss may occur and impair the patients' quality of life. In addition, the treatment period will be extended when the initial treatment fails to achieve satisfactory therapeutic efficacy and a switch of treatment is needed. Furthermore, under most circumstances, hematologic malignancies, including B-NHL, are incurable and patients will ultimately develop drug resistance and therefore lead to disease relapse.

Competitive Landscape

Currently, four of the five U.S. FDA approved CAR-T cell therapies, namely Breyanzi, Tecartus, Yescarta and Kymriah are CD19-targeted. Celgene, a Bristol Myers Squibb company, has submitted a BLA to the U.S. FDA for lisocabtagene maraleucel for the treatment of R/R DLBCL. In China, there is no CAR-T cell therapy currently approved by the NMPA. Two CD19-targeted CAR-T product candidates, FKC876 and JWCAR029, have submitted the NDA applications. For additional information, see "Industry Overview — Overview of CD19-Targeted CAR-T Cell Therapy."

Phase I/II Clinical Trial for R/R B-NHL

Overview. We are conducting an open-label, single-arm, Phase I/II clinical trial with a seamless trial design in a single protocol in China to evaluate the safety, efficacy and cellular kinetics of CT032 in patients with R/R B-NHL. We obtained IND clearance from the NMPA in 2019 for the combined Phase I/II clinical trial. According to the clinical trial approval, after completing the Phase I clinical trial and before launching the Phase II clinical trial, we are

required to seek consultation with the NMPA by submitting a communication meeting application along with the clinical trial data and other relevant information for review by the NMPA. For the regulatory process and basis of conducting a combined clinical trial, see "Regulatory Overview – Regulation on Drug Research and Development."

Trial Design. The trial consists of a dose escalation and dose expansion study (Phase I) and a safety and efficacy verification study (Phase II). 18 to 21 patients are expected to be enrolled for the Phase I trial and 60 patients are expected to be enrolled for the Phase II trial. Phase I is conducted in patients with R/R B-NHL who have failed at least two prior lines of systemic therapies including anti-CD20 antibody and anthracyclines and/or autologous stem cell transplantation. Phase II is expected to enroll approximately 60 patients who meet the similar criteria as those for Phase I trial.

Primary objectives for the Phase I trial are to evaluate the safety and tolerability of CT032 with a focus on endpoints such as DLT, MTD, treatment emergent AEs and RP2D. The primary objective for the Phase II trial is to assess the efficacy of CT032 by determining ORR at the third month following the CT032 treatment.

Trial Status. This trial was initiated in August 2019. The patient enrollment is close to be completed for the Phase I trial.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CT032 SUCCESSFULLY.

anti-CLDN18.2 mAb (AB011)

Overview

AB011 is a humanized monoclonal antibody product candidate that targets CLDN18.2, which is a stomach-specific isoform of Claudin-18 and is highly expressed in gastric and pancreatic cancer cells. AB011 displayed strong *in vitro* antitumor activities against CLDN18.2 positive tumor cells in antibody-dependent cellular cytotoxicity ("**ADCC**") assays and complement-dependent cytotoxicity ("**CDC**") assays, as well as showed potent *in vivo* antitumor activities when combined with oxaliplatin and 5-fluorouracil in CLDN18.2 positive gastric cancer mouse models. We obtained the second IND clearance in the world for an mAb targeting CLDN18.2, according to Frost & Sullivan. We are conducting a Phase I clinical trial of AB011 for the treatment of CLDN18.2 positive solid tumors in China to evaluate the safety, tolerability, pharmacokinetics and preliminary efficacy of AB011 injection.

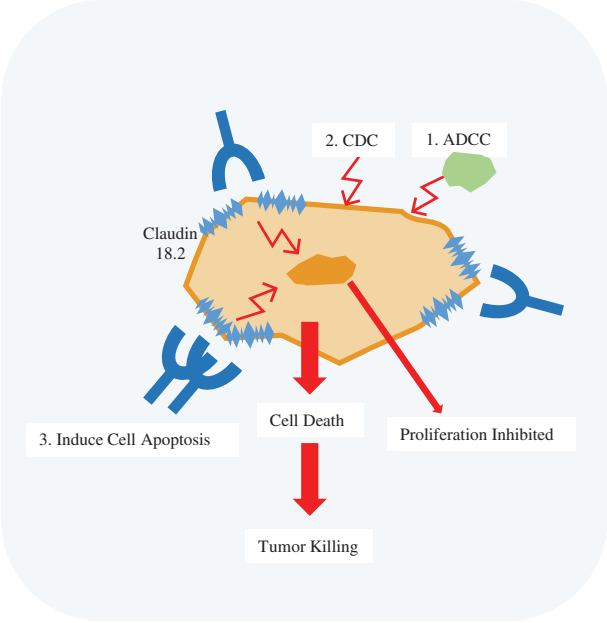
Mechanism of Action

CLDN18.2 is a tissue restricted marker that is observed in a large proportion of gastric cancers. In addition, CLDN18.2 is aberrantly expressed in a variety of epithelial solid tumors, including pancreatic, esophageal, ovarian and lung tumors. For additional information, see "— Our Product Pipeline — Humanized CLDN18.2 CAR-T (CT041)." CLDN18.2 is typically

buried and largely inaccessible to monoclonal antibodies in normal tissues. It is malignant carcinogenesis that leads to disruptions in tight junctions, exposing CLDN18.2 epitopes on the surface of tumor cells to be specifically targeted. Therefore, CLDN18.2 endows targeting antibody therapy with specificity for tumor cells.

AB011 is a recombinant humanized anti-CLDN18.2 monoclonal antibody that specifically binds to CLDN18.2 on tumor cell surface and subsequently triggers specific killing of CLDN18.2^{+} cancer cells through immune effector mechanisms such as ADCC and CDC.

The following diagram demonstrates mechanism of action of AB011.



Source: Singh, P., Toom, S. & Huang, Y. Anti-claudin 18.2 antibody as new targeted therapy for advanced gastric cancer. J Hematol Oncol 10, 105 (2017). https://doi.org/10.1186/s13045-017-0473-4. Frost & Sullivan Analysis

Market Opportunity and Competition

AB011 is intended primarily for the treatment of CLDN18.2 positive solid tumors such as gastric/gastroesophageal junction cancer and pancreatic cancer. For additional details on such cancers, the relevant market opportunity, and current treatment options and limitations, see "— Our Product Pipeline — Humanized CLDN18.2 CAR-T (CT041)."

As of the Latest Practicable Date, there had not been any CLDN18.2-targeted monoclonal antibody approved for marketing. Zolbetuximab developed by Astellas Pharma was the most advanced product candidate and had entered Phase III clinical trials. For additional information, see "Industry Overview — Overview of Claudin18.2-Targeted CAR-T Cell Therapy — Overview of CLDN18.2 — Targeted Monoclonal Antibody."

Competitive Advantage and Selected Pre-Clinical Data

AB011 is the first CLDN18.2-targeted monoclonal antibody developed in China that has received IND clearance from NMPA according to Frost & Sullivan. We believe AB011 may have more potent anti-tumor efficacy compared to other CLDN18.2 targeted monoclonal antibody by exerting stronger binding to CLDN18.2 and eliciting more potent ADCC and CDC reactions.

We have compared AB011 and ch-175D10 in different *in vitro* and in vivo assays. Ch-175D10 is a mouse anti-CLDN18.2 recombinant antibody that closely resembles zolbetuximab (IMAB362), an experimental anti-CLDN18.2 monoclonal antibody under development by Astellas. Compared with zolbetuximab, ch-175D10 harbors three different amino acids, which are located in the constant region of the heavy chain and are naturally occurring in different IgG1 variants without changing the charge or the hydrophobicity of the relevant amino acids. We prepared ch-175D10 in accordance with the publicly available information.

Our *in vitro* cell-based binding assays showed that both AB011 and ch-175D10 specifically bind to CLDN18.2 molecules that are derived from different species, including human, mouse and monkey, and the binding affinities were at single-digit nanomolar levels. AB011 more strongly bound to human CLDN18.2 as compared to ch-175D10, The *in vitro* functional assays demonstrated that AB011 caused stronger ADCC and CDC effects than ch-175D10 did, indicating its potential stronger anti-tumor efficacy. Our *in vivo* pharmacodynamic results revealed that in a gastric cancer mouse model, the combination of AB011 and EOF (epirubicin, oxaliplatin and fluorouracil) was able to better suppress the growth of gastric tumor mass as compared to the combination of ch-175D10 and EOF, further corroborating the potentially more potent anti-tumor efficacy of AB011.

Phase I Clinical Trial for CLDN18.2 Positive Advanced Solid Tumors

Overview. We are conducting an open-label, two-stage Phase I clinical trial in China to evaluate the safety, tolerability, pharmacokinetics and preliminary efficacy of AB011 injection in patients with CLDN18.2 positive advanced solid tumors.

Trial Design. The trial consists of a dose escalation stage (Stage I) and a dose expansion stage (Stage II). A total of 103 patients with histologically or pathologically confirmed advanced solid tumors who have failed the standard treatment, have no standard treatment regimen available, or have no access to standard treatment are estimated to be enrolled in the clinical trial. In addition, only patients with CLDN18.2 positive tumors as detected by central laboratory are to be enrolled. In Stage I, participants of the trial receive AB011 injection with dose escalation from 1 mg/kg up to 40 mg/kg. In Stage II, patients receive AB011 injection at the recommended dose level determined from Stage I in two cohorts, with gastric/gastroesophageal junction cancer patients in one cohort and pancreatic cancer patients in the other.

Primary objectives of this clinical trial are to assess the incidence of adverse events and serious adverse events of single and multiple dose, explore the incidence and case number of dose limiting toxicity, which describes side effects of a drug or treatment that are serious enough to prevent an increase in dose or level of that treatment, during observation period, and determine the R2PD during Stage I with available safety, pharmacokinetics and efficacy data.

Trial Status. This trial was initiated in July 2020 and is anticipated to be completed in the second half of 2022. Patient enrollment is currently ongoing for this trial.

Clinical Development Plan

We plan to consult with the NMPA in the second half of 2022 and to initiate a Phase II/III clinical trial with a seamless two-stage design in a single protocol with a leading indication of gastric/gastroesophageal junction cancer. Based on the results of the Phase I clinical trial, we plan to formulate a concrete clinical trial protocol for the Phase II/III clinical trial by the second half of 2022. For the regulatory process and basis of conducting a combined clinical trial, see "Regulatory Overview — Regulation on Drug Research and Development."

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET AB011 SUCCESSFULLY.

IND-Enabling or Pre-Clinical Stage Product Candidates

In addition to the above clinical-stage product candidates which are in IND trials, we have internally developed six IND-enabling or pre-clinical stage product candidates as described below. We expect to submit IND applications for these product candidates within the next three years.

CT017 is a next-generation autologous CAR-T product candidate that targets GPC3 and armored with a transcription factor, which is a master regulator essential for inducing T cells to reside in non-lymphoid tissues. Our preclinical studies have shown that CT017 is able to better reside and persist in non-lymphoid tissues such as solid tumor masses, therefore exhibit enhanced anti-solid tumor efficacy. CT017 is currently under an investigator-initiated trial to assess its safety and efficacy for treating GPC3 positive HCC in China.

KJ-C1807 is a next-generation autologous CAR-T product candidate developed with our CycloCAR technology. We anticipate that by co-expressing cytokine IL-7 and chemokine CCL21, KJ-C1807 potentially has a greater clinical efficacy and reduced requirement for lymphodepletion conditioning. KJ-C1807 targets CLDN18.2 and is designed to treat patients with gastric/gastroesophageal junction cancer and pancreatic cancer.

KJ-C2112 is a next-generation autologous EGFR/EGFRvIII-bitargeted CAR-T product candidate harboring a humanized single-chain antibody with single specificity that binds to an epitope present on wild-type EGFR- and EGFRvIII-overexpressing tumor cells, but not on EGFR-expressing normal cells. KJ-C2112 is armored with a transcription factor. Our

pre-clinical studies have demonstrated the efficacy of KJ-C2112, such as its ability to suppress growth of EGFR-and/or EGFRvIII-overexpressing glioma xenografts in mice and prolong the survival of tumor-bearing mice. Therefore, KJ-C2112 may be a promising modality for the treatment of patients with EGFR/EGFRvIII-overexpressing glioblastoma. We plan to collaborate with a reputable principal investigator and further study KJ-C2112 in an investigator-initiated trial.

KJ-C2113 is a next-generation autologous CAR-T product candidate developed with our CycloCAR technology that targets mesothelin, a tumor differentiation antigen normally restricted to the body's mesothelial surfaces, but significantly overexpressed in a broad range of solid tumors. We are developing KJ-C2113 for the treatment of various types of solid tumors.

KJ-C2114 is an allogeneic CAR-T product candidate deploying our THANK-uCAR technology with an undisclosed target for the treatment of certain solid tumors.

KJ-C2111 is an allogeneic CAR-T product candidate deploying our THANK-uCAR technology that targets BCMA. We are developing KJ-C2111 for the treatment of MM.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ANY OF THE ABOVE PRODUCT CANDIDATES SUCCESSFULLY.

RESEARCH AND DEVELOPMENT

We believe that research and development is the key to driving our therapeutics strategy and maintaining our competitiveness in the biopharmaceutical industry. We are dedicated to enhancing our portfolio of CAR-T cell therapies with a particular focus on improving the effectiveness of CAR-T therapies for the treatment of solid tumors. We will continue our efforts to make cancers curable by leveraging our world-class in-house research and development capabilities in target selection, antibody discovery and optimization, as well as our next-generation CAR-T technologies to address pressing challenges in our industry, as well as bring first-in-class or best-in-class products to meet patients' needs globally.

We have established an integrated research and development platform covering the full CAR-T development cycle including target discovery, antibody development, vector design, manufacturing, quality assurance and quality control. Our integrated cell therapy platform is composed of target discovery, hybridoma and antibody humanization platform, fully human phage display antibody library platform, antibody identification platform, immune cell function evaluation platform, plasmid and lentiviral vector preparation platforms, cell therapy process development platform, analytical platforms with molecular, flow cytometry, biochemical, physical-chemical, and cell-based analytical capabilities, biological samples tests platform, clinical-scale and commercial-scale CAR-T manufacturing platform, and platform for clinical studies. This platform enables us to efficiently and effectively advance product candidates from early discovery to clinical trials and potentially to commercialization. As of the Latest Practicable Date, we had evaluated over 10 targets for the development of CAR-T

cell therapies. Since our inception in 2014, we have self-developed a portfolio with 10 CAR-T product candidates for the treatment of both hematological malignancies ans solid tumors. Besides cell-based technologies, we have established a platform for the development of monoclonal antibodies. Using this antibody platform, we have developed AB011, a recombinant humanized anti-CLDN18.2 monoclonal antibody, which is being evaluated in a Phase I clinical trial in China. We primarily use the antibody platform to identify proper single-chain variable fragments to generate CAR constructs. With this platform, we have developed seven fully human or humanized single-chain variable fragments for different targets such as BCMA, CLDN18.2, GPC3, CD19, EGFR/EGFRvIII, among others. The CAR-T product candidates incorporating those CAR constructs are all in pre-clinical or clinical stage. As for the stand-alone therapeutic monoclonal antibody, we have not developed any other than AB011, as our primary focus is to develop high-quality CAR-T cell therapies. For additional information, see "— Our Product Pipeline-anti-CLDN18.2 mAb (AB011)." In addition, we are developing a companion diagnostic kit for CLDN18.2. We have developed the prototype and completed the analytical validation of the companion diagnostic kit. The FDA granted permission to use the prototype of the CLDN18.2 companion diagnostic kit to select patients for the CT041 clinical trial under IND in the U.S. The U.S. FDA also exempted the IDE requirement based on its non-significant risk determination. We are currently conducting clinical validation and have utilized the assay for over 500 sample testings to support the clinical trial of CT041 and AB011. We expect to complete the clinical validation of the companion kit for CT041 by 2022 in China and by 2023 in the United States.

As of the Latest Practicable Date, our research and development team serving research, clinical development and CMC functions consisted of 311 employees in China and 13 employees in the United States. 135 employees, accounting for 41.7% of our research and development team, hold a master's or doctorate degree. Our research and development team is led by our co-founder, CEO and Chief Scientific Officer Dr. Zonghai Li, a leading researcher in the field of CAR-T cell therapies. He had published over 100 research papers as of the Latest Practicable Date. Members of our research and development team have cross-disciplinary expertise in a variety of fields, including chemistry, biology, pharmacology, toxicology, pharmacovigilance, and translational medicine and clinical research and possess in-depth expertise in multiple cell therapy and disease areas. We have a stable research and development team, with over 70% of the team members who worked with us five years prior to the Latest Practicable Date remain employed with us. Our research and development personnel have years of experience in the field of cancer research and/or cellular immunotherapy. Going forward, as our business continues to grow, we intend to increase the headcount of our research and development team by approximately 30% to 50% annually in the next three years. We plan to hire research and development personnel with expertise and experience in cell therapy and other areas as per our needs.

During the Track Record Period, we primarily conducted early discovery and optimization, IND studies and clinical manufacturing at our facilities located in Xuhui District, Shanghai. Our Xuhui facilities span a total gross floor area, or GFA, of approximately 6,200 sq.m. (including the ancillary office area) and are equipped with antibody identification platform, immune cell function evaluation platform, plasmid and lentiviral vector preparation

platforms, cell therapy process development platform, clinical manufacturing platform, analytical platforms with molecular, flow cytometry, biochemical, physical-chemical, and cell-based analytical capabilities.

For the years ended December 31, 2019 and 2020, our research and development expenses were RMB210.2 million and RMB281.8 million, respectively.

Product Candidate Development Process

Pre-clinical and IND-enabling Research

Our research and development team conducted the following pre-clinical and IND-enabling research and regulatory work for the development of our product candidates: efficacy evaluation in animal models, dose selection, toxicity testing, PK and PD assessments, CMC development, support of investigator-initiated trials, IND package preparation, onsite inspection, registration sample submission, and pre-IND meeting preparation and participation.

Clinical Research under IND

Upon obtaining the IND clearance from the NMPA and the U.S. FDA, our clinical development team, together with reputable CDMOs and CROs in the United States, conducted the following activities for the ongoing and planned clinical trials: clinical development strategy, market value assessments, trial proposal and protocol designs, including determining study objective and endpoints, trial preparation, site selection, patient recruitment, clinical manufacturing, medical/safety monitoring, site monitoring, data collection/verification and statistical analysis.

Discovery and Pre-Clinical Research

Our discovery and pre-clinical research efforts are led by our co-founder, CEO and Chief Scientific Officer, Dr. Zonghai Li. We conduct discovery and pre-clinical research primarily at our Xuhui facilities.

We have a streamlined product discovery and optimization process in identifying, optimizing and validating potential tumor-associated target antigens, humanized or fully-human single-chain variable fragment candidates, as well as other elements in successful development of CAR constructs. In particular, the antibody development and identification platforms are deployed to develop, identify and characterize the single-chain variable fragments used in the CAR-T cells; the immune cell function evaluation platform is to characterize the CAR-T cells for discovery stage; plasmid and lentiviral vector preparation platforms are for preparation of the plasmids and lentiviral vectors for preclinical and process development and early-clinical stage of CAR-T development; cell therapy process and analytical development platforms are utilized for the CAR-T cells CMC development. Beyond these platforms for discovery and pre-clinical research, we have established multiple platforms for later-stage research and development, including biological samples analytical platform for

PK/PD study, clinical manufacturing platform to manufacture the CAR-T cells used in the early-clinical stage, and clinical studies platform is established for various tasks, such as data analysis, investigator-initiated trials and registered clinical trials. We have also built capabilities for early verification and development of tumor-associated targets, as our co-founder, CEO and Chief Scientific Officer, Dr. Li spearheaded the discovery and report of GPC3 and CLDN18.2 as therapeutic targets for CAR-T cell therapies, being the first to do so worldwide. Coupled with our carefully-designed screening strategies, our fully-human antibody screening platform that deploys antibody phage display technology have enabled us to discover fully-human antibodies for over 10 therapeutic targets.

We have conducted extensive pre-clinical research to meet the requirements of the NMPA, the U.S. FDA and other relevant regulatory authorities for IND-enabling studies in pharmacodynamics, pharmacokinetics and toxicology. We have in-house expertise to conduct, manage, and analyze pre-clinical studies necessary for IND filing with regulatory authorities in China, the United States, Canada, the EU and Japan. As of the Latest Practicable Date, we had four IND applications for CAR-T cell therapies accepted by the NMPA, among which two are for treatment of solid tumors, and we had three IND applications for CAR-T cell therapies accepted by overseas regulatory authorities.

Clinical Development

Our clinical development team is led by Dr. Hong Ma, our Senior Vice President, Clinical Development in the United States and Dr. Wei Wang, our Vice President, Clinical Development in China. Dr. Ma has approximately 15 years of experience as a clinical oncologist in cancer immunotherapy and orphan drug development. Dr. Ma has in-depth experience in the development of cellular therapy programs in the United States and the EU, and has made significant contributions in obtaining several IND and CTA approvals in the United States and other countries. As a trained physician, Dr. Wang has deep experience in clinical development, medical affairs and pharmacovigilance, and had previously worked at large global pharmaceutical companies for over a decade. As of the Latest Practicable Date, our clinical development team consists of 76 employees in China and eight employees in the United States. Among our clinical development team members, five hold doctorate degrees and 34 hold master's degrees.

Our Clinical Development Capabilities

For clinical trials sponsored by us, our clinical development team serves medical affairs, clinical operation, biometrics, pharmacovigilance and quality management functions. The team drives, manages or participates in substantially all stages of clinical trials, including compound development planning, clinical trial design, project management, implementation, production of product candidate samples used, collection and analysis of trial data, and preparing clinical development-related documents to support regulatory communications. We believe our ability to conduct high-quality clinical trials enables us to expedite the development of our product candidates by generating the requisite data reliably and efficiently.

We also work with top-tier hospitals and investigators in China to conduct investigator-initiated trials in accordance with international standards to rapidly test our product candidates directly in patients and potentially support future regulatory filings. For such trials, we engineer, produce and provide CAR-T cells to the principal investigators at those hospitals for administration in patients. We work with principal investigators to collect and analyze detailed efficacy, safety and other relevant data to refine treatment protocols to understand the strengths and weaknesses of our product candidates and advance our product candidates accordingly. With regard to investigator-initiated trials, which are conducted in line with the common industry practice, we have been in compliance with applicable laws and regulations, as well as the agreements by and among the medical institutions, principal investigators and us. We have made enquiries to the medical institutions and principal investigators, and as of the Latest Practicable Date, we had not received, directly or indirectly through the relevant medical institutions, any enquiries or investigation notices from the PRC authority in charge, from the medical institutions where such investigator-initiated trials had been or were conducted, or from the investigators. In addition, as of the Latest Practicable Date, we had not been involved in any dispute arising from the performance of the agreements on investigator-initiated trials. The relevant results on investigator-initiated trials have been reviewed and considered for the purposes of the IND applications. Besides, under the current PRC legal regime, the investigator-initiated trials are initiated and administered by the medical institutions and investigators; as a result, our involvement with such trials is limited. Based on the foregoing, the PRC Legal Adviser is of the view that we have been in full compliance with the applicable PRC laws and regulations with respect to the investigator-initiated trials. As of the years ended December 31, 2019 and 2020 and as of the Latest Practicable Date, we worked with the same three principal investigators for the investigator-initiated trials of CT053 described in "— Our Product Pipeline." We worked with one, three and three principal investigators as of December 31, 2019 and 2020 and the Latest Practicable Date for the investigator-initiated trials of CT041 described in "— Our Product Pipeline." For CT011, we also worked with one principal investigator on the completed investigator-initiated trial described in "— Our Product Pipeline" prior to the Track Record Period. During the Track Record Period and as of the Latest Practicable Date, we had neither received nor paid any fees to these principal investigators in relation to the investigator-initiated trials. From time to time and in our ordinary course of business, we seek advice from external experts (including principal investigators and other key opinion leaders) and pay consultation fee for the consultation in line with the industry practice. During the Track Record Period and up to the Latest Practicable Date, we had paid nominal consultation fees to some of the aforementioned principal investigators on subject matters not related to the corresponding investigator-initiated trials.

Our clinical development team is responsible for the selection of trial sites. We select trial sites based on multiple factors, including but not limited to the expertise and experience of the principal investigators, suitability of onsite facilities and equipment, availability of qualified site staff and the size of eligible patient pool. We have entered into agreements with a number of hospitals and dedicated principal investigators who can support our clinical trials of different indications at different stages. In China, we collaborate with top-tier hospitals such as Beijing Cancer Hospital, Beijing Chao-Yang Hospital Affiliated to Capital Medical University, Renji Hospital Affiliated to Shanghai Jiaotong University School of Medicine, The

First Affiliated Hospital of Zhejiang University School of Medicine, and East Hospital Affiliated to Tongji University. In North America, we partner with world-renowned medical institutions such as Mayo Clinic, H. Lee Moffitt Cancer Center and Research Institute, The University of Texas MD Anderson Cancer Center, and Dana Farber Cancer Institute in the United States, as well as Princess Margaret Cancer Center in Canada. We believe the size and geographic diversity of these facilities provide us with a significant advantage in implementing large-scale clinical trials and also enable us to conduct multiple clinical trials concurrently. With the support of our partner hospitals and principal investigators, we are capable of recruiting patients from specific populations for our studies.

We have a professional biometrics team in charge of collection and analysis of data generated in our clinical trials. Supported by the selected, leading CROs as needed, the biometric team is responsible for designing case report forms, setting up the electric data capture system, and conducting statistical analysis. When CROs are engaged, we oversee the performance of CROs with a comprehensive process to ensure they deliver high-quality data.

We have also established a comprehensive pharmacovigilance system. The pharmacovigilance team is in charge of developing SOPs, preparing individual cases of safety reports, conducting medical reviews or assessments and periodic safety reviews, as well as preparing aggregate reports and risk management documents.

Each of our clinical development programs involves a joint and collaborative internal process among clinical development, science and pipeline strategy teams and is initiated only after a comprehensive study on product profile, clinical/pre-clinical data, existing and anticipated treatment and competitive landscape, as well as commercial potential. For each proposed clinical development program, meetings involving program management, pre-clinical, medical and translational research, regulatory, CMC, finance and accounting teams will be organized to assess factors such as the project's compatibility with our strategy, project feasibility, filing strategy, execution timetable, market and commercialization prospects and research and development resources available to either approve or reject the project. After approval, we assign a program lead for each of our clinical development project who formulates the study timetable and budget, and a medical lead who develops a detailed study protocol based on the product candidates' mechanism of action and oversees the trial execution.

To support our clinical development, we have built a GLP-compliant central laboratory in Xuhui, Shanghai with a total GFA of approximately 800 sq.m. As an illustration of the capacity of our central laboratory, in 2020, we conducted over 3,000 tests on the biological samples collected in our clinical trials in China for examining copies of CAR DNA, cytokines, CLDN18.2 expression and GPC3 expression, among others. We have also established a clinical manufacturing facility at Xuhui, Shanghai. See "— Manufacturing."

Any transfer of clinical trial data in connection with our product development efforts and regulatory communications is subject to the applicable local data and privacy protection laws, such as the Health Insurance Portability and Accountability Act in the U.S. and the Cybersecurity Law of the PRC and Biosecurity Law, to the extent applicable, in China. Patients enrolled in the clinical trials are anonymized with assigned subject numbers. Any patient records or datasets that are transferred are only associated with the subject numbers, not the actual identities of patients. Patients' personally identifiable information, such as their names, social security numbers, phone numbers, email addresses, and home addresses, among others, is not collected or included in the clinical data report. Only necessary information for the clinical trials, such as patients' relevant medical history, eligibility for the trial, or clinical trial results, is collected. For additional information on the protection of the confidentiality of clinical trial data and patients' privacy, see "— Risk Management and Internal Control — Internal Control." We have completed necessary record-filing with the competent authority with respect to the cross-border transfer of anonymized human genetic resource information obtained in our clinical trials of our products, as specifically required under the current PRC laws. We had not experienced any material difficulty in data transfer, and we believe our transfer of anonymized clinical trial data between China and the U.S. is in the line with market practice. Our PRC Legal Adviser and our U.S. counsel Venture Partner, LLC are of the view that nothing has come to their attention that suggests our transfer of data is not in compliance with applicable laws and regulations.

Collaboration with CROs

To efficiently and effectively achieve our clinical development targets, we select the most suitable, industry-leading CRO partners as needed to manage, conduct and support our clinical trials. As of the Latest Practicable Date, our major collaborations with CROs included the engagement with one leading CRO in the United States to conduct LUMMICAR STUDY 2 trial and the Phase Ib clinical trial for CT041 in patients with advanced gastric cancer and pancreatic cancer, as well as another global CRO to provide central laboratory services for our clinical trials in North America.

We select CROs based on various factors, such as their professional qualifications, clinical experience, therapeutic area experience, industry reputation, project specialty, project track record and data management system. In addition, for clinical CROs, we consider their ability to facilitate site selection, timely recruit patients and conduct complex clinical trials efficiently with high quality.

We typically enter into a general service agreement with a CRO under which we execute separate work orders for each clinical development project. We closely supervise these CROs to ensure that they perform in a manner that complies with our protocols and applicable laws and regulations, which in turn protects the integrity and authenticity of the data from our trials and studies.

As of the Latest Practicable Date, we worked with over 25 CROs. Below is a summary of the key terms of an agreement that we typically enter into with our CROs:

- *Services*. The CRO provides us with services such as the implementation and management of a clinical research project or central laboratory services as specified in the master agreement or a work order.

- *Term*. The CRO is required to perform its services within the prescribed time limit set out in each work order and in accordance with the key performance indicators agreed by both parties.

- *Payments*. We are required to make payments to the CRO in accordance with the payment schedule agreed by the parties.

- *Risk allocation*. Each party should indemnify the other party for losses caused by its negligence, recklessness, intentional misconduct or material breach of the master agreement or the work order.

- *Intellectual property*. All intellectual properties generated from the collaboration under the CRO agreements during the term of collaboration shall be solely and exclusively owned by us.

Medical Ethics

Clinical trials of our product candidates were initiated after obtaining the requisite approvals from their respective ethics committees or institutional review boards. All patients signed a written informed consent form prior to participating in any trial-related procedures. The principal investigators had overall responsibility on medical ethics and maintained the standards of clinical trials applicable good clinical practice ("**GCP**") standards. We believe all clinical trials were conducted in accordance with the principles of the Declaration of Helsinki. The sponsor, together with collaborating investigators, are responsible for the overall conduct and quality of the clinical trials. Other than the investigator-initiated trials in China, we are the sponsor for all clinical trials under IND in China and North America. The hospitals are the sponsor of the investigator-initiated trials of our product candidates in China.

We work with our clinical trial partners to ensure that all procedures in connection with clinical trials of our product candidates are conducted in compliance with the applicable GCP standards. We have established standard procedures, GCP trainings and clinical operation and quality management SOP trainings to ensure the compliance of medical ethics and to take appropriate remedial measures in the event of non-compliance and reduce the associated risks.

CHEMISTRY, MANUFACTURING AND CONTROLS

Our CMC team is led by Dr. Huamao Wang, our co-founder, Chief Operating Officer and CMC Head, who has approximately 20 years of research and development experience in cell and gene therapy and has extensive experience in biologics CMC, antibody and CAR-T development and assay development. As of the Latest Practicable Date, we had 106 members within the CMC team, including 10 with doctorate degrees and 44 with master's degrees. Based in Xuhui, Shanghai, our CMC unit is an integral part of our integrated research and development platform and provides pre-clinical and clinical support throughout the product development process. Our CMC team will also support our manufacturing in the future as we commence commercial manufacturing of our product candidates.

We have established capabilities in process development, analytics and quality assurance and control in carrying our CMC functions.

Process Development

Our CMC team, has established, optimized and validated processes for every step of producing our product candidates. Our CMC team has contributed to our strong in-house manufacturing know-how, which allows us to reduce manufacturing time and costs, and achieve more efficient production of critical components for producing CAR-T cells. For example, our CMC team has facilitated the development of our virus-production process, with which we are able to produce a large number of lentiviral vectors from a single batch preparation with a yield that is able to serve hundreds of patients, which is significantly higher than the industry average, according to Frost & Sullivan. Our CMC team has also led the design of the commercial manufacturing facility and established a commercial-scale, automated manufacturing process to minimize human error, enable smooth scaling out of CAR-T cell production and support concurrent, multi-product manufacturing.

Analytics

Our CMC team deploys a variety of equipment and technologies to achieve timely and high quality sample testing and product characterization. Such equipment and technologies include PCR/qPCR, flow cytometry, cell-based assay platform, enzyme-linked immunosorbent assay (ELISA) platform, biochemistry assay platform, among others. Our CMC team has significantly contributed to our capability of performing most of the quality control assays in-house to ensure timely and reliably release of produced CAR-T batches. For example, our CMC team is able to conduct replication competent lentivirus (RCL) assays in compliance with global standard, a critical step in ensuring the safety of CAR-T products and would otherwise be considerably slow and costly if outsourced to third parties.

Quality Assurance and Control

With accumulated experience in manufacturing our product candidates for IIT and registered clinical trials, our CMC team has spearheaded in establishing, updating and implementing a rigorous in-house quality management system based on the applicable GMP requirements for manufacturing our product candidates. Our quality management system complies with the relevant PRC laws and regulations, as well as relevant guidelines and standards issued by regulatory agencies or industry associations. In addition, in anticipation of future entry of our product candidates into overseas markets, our CMC team will continue to ensure that we meet the relevant regulatory requirements and GMP standards of China, the United States, the EU and other major markets such as Japan.

As of the Latest Practicable Date, we had established capabilities to conduct substantially all quality control procedures in-house.

MANUFACTURING

Our Manufacturing Facilities

We launched our clinical manufacturing facility in Xuhui, Shanghai in April 2017 with a total GFA of approximately 3,000 sq.m. and an annual CAR-T production capacity to support the CAR-T treatment of 200 patients. Since then, we have carried out clinical manufacturing at our Xuhui facility to support our early-stage clinical trials. Going forward, we plan to continue utilizing our Xuhui facility primarily for clinical manufacturing.

In August 2019, we completed the construction of our commercial manufacturing facility located in Jinshan, Shanghai with a total GFA of approximately 7,600 sq.m. We plan to utilize our Jinshan facility primarily for commercial manufacturing of our CAR-T products once they are approved for marketing. The facility is equipped with a building control system, an environmental monitoring system and a video surveillance system to ensure the security of our manufacturing facility and compliance with the GMP standards in our operations. We procured our manufacturing equipment from leading international suppliers, and all our manufacturing equipment were qualified or validated following international GMP requirements. In 2019, we passed the on-site inspection conducted by the Shanghai Medical Products Administration, or the SHMPA, and obtained the Manufacture License for Pharmaceutical Products (藥品生產許可證) from the SHMPA on September 30, 2019, which was the first manufacturing licenses issued in China for CAR-T cell therapy, according to Frost & Sullivan. Our Jinshan manufacturing facility is designed based on the GMP standards of China, the United States, and the EU. According to Frost & Sullivan, it is the first in-house CAR-T commercial manufacturing facility in China compliant with international standards, as well as the first certified CAR-T commercial manufacturing facility in China. Other than the inspection conducted by the SHMPA as a requirement for obtaining the Manufacturing License for Pharmaceutical Products, our Jinshan facility had not been inspected by other authorities or received other certifications as of the Latest Practicable Date.

Our Jinshan facility is equipped with in-house production capability that covers all three stages of CAR-T manufacturing, including production of plasmids, production of lentiviral vectors and CAR-T cell product manufacturing. We plan to utilize the lentiviral vectors produced in this facility for future clinical trials and commercial production in China, the United States, and Europe. By building end-to-end manufacturing capabilities, we expect to significantly reduce the process time (vein to vein time) and lower treatment costs. Our commercial manufacturing personnel are primarily based at the Jinshan manufacturing facility. As of the Latest Practicable Date, there were a total of 119 employees, of which over 88.2% hold a bachelor's degree or above.

We designed our Jinshan manufacturing facility to produce CAR-T cells to support four product lines and autologous CAR-T treatment of up to 2,000 patients per year. The facility is designed to address the major challenges in connection with expanding from clinical scale to commercial scale manufacturing, which represents a paradigm shift where product quality, regulatory compliance, process reliability, scalability and cost of production become critical factors. We believe the process we have designed into our commercial manufacturing, coupled with our accumulated experience in CAR-T cell production for investigator-initiated trials and clinical trials, positions us as a leader in terms of CAR-T manufacturing in China. As of the Latest Practicable Date, we had finished transfer of technology and process to our Jinshan manufacturing facility, and we had been conducting planned trial productions to verify the high-quality, consistent operation of our Jinshan manufacturing facility as part of our quality management procedure. We expect to commence commercial manufacturing in 2022.

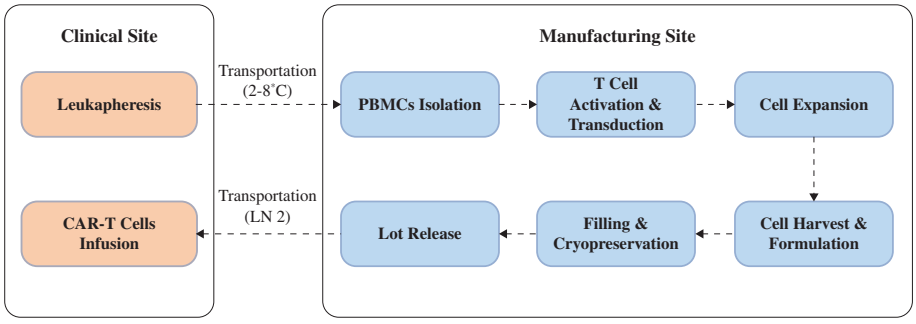
For reasons set forth above in this section of the prospectus, we believe that our product candidates are able to provide promising solutions for cancer patients, in particular for a significant number of patients with solid tumors who currently do not have access to effective CAR-T therapies. Therefore, we anticipate that there will be a high demand for our product candidates once they are approved for marketing by the relevant regulatory authorities. To cater to such anticipated high demand, we are planning for a second-phase expansion of our Jinshan manufacturing facility to add an additional total GFA of approximately 9,600 sq.m. and an additional manufacturing capacity to service up to an additional 5,000 patients annually. We expect to commence the construction of this expansion in the second half of 2021 and complete by the second quarter of 2023. We plan to fund the expansion by using part of the net proceeds from the Global Offering and cash on hand, as well as cash generated and to be generated from our operations. For additional information, see "Future Plans and Use of Proceeds" in this Prospectus. We will closely monitor the market demand and acceptance for our products and our production capacity. If warranted, we may further expand our Jinshan manufacturing facility.

To support our clinical trials and future product commercialization in United States, we plan to construct a clinical manufacturing facility and a commercial manufacturing facility in the United States. As of the Latest Practicable Date, we have initiated the construction of the clinical manufacturing facility with a total GFA of approximately 3,300 sq.m. We expect to complete the construction by the end of 2021 and commence operation of the clinical manufacturing facility in 2022. The manufacturing facility is designed with a capacity to

support CAR-T treatment for approximately 700 patients annually. As of the Latest Practicable Date, we were formulating the construction plan for the commercial manufacturing facility with a total GFA of approximately 10,000 sq.m. We expect to initiate the construction in the second half of 2021 and commence operation of the facility in 2024. The commercial manufacturing facility is designed with a manufacturing capacity to support CAR-T treatment for approximately 3,000-5,000 patients annually. We and/or our contractors will be required by county or city local authorities to acquire the relevant building permits as well as the occupancy permits during the construction of manufacturing facilities. We are not aware of any existing or potential legal impediment in connection with the construction of manufacturing facilities.

Manufacturing Process

The following diagram provides an overview of the manufacturing process for a CAR-T therapy for an individual patient:



The leukapheresis material is transported from the clinical site to the manufacturing site under 2-8°C within 48 hours in China and within 72 hours in the United States. After receiving the leukapheresis material, the manufacturing site will start the process, including PBMC isolation, T cell activation, transduction, and cell expansion. When the target number of cells are produced, the culture material will be harvested, formulated, filled, and cryopreserved. During the manufacturing process, the in-process control testing will be performed according to predefined SOPs. After the manufacturing process is completed, lot release testing will be performed according to predefined SOPs to ensure that the product meets the quality specification, including over 70% viable cells and over 10% CAR positive T cells. Our T cell viability threshold is in line with the standard accepted by the U.S. FDA which generally requires over 70% viable cells for cell therapies and, when the viability is lower, a demonstration that dead cells do not affect the safety of the treatment. The final product will be released by our quality assurance team if all criteria are met. After that, per request of the personnel responsible for administrating our product candidates in the clinical trials, the frozen product will be transported from manufacturing site to the clinical site under liquid nitrogen condition. We have a dedicated supply chain team which oversees the cold-chain logistics of domestic and international shipment of CAR-T cells. We currently work with qualified external logistics vendors in China and the U.S. to manage the point-to-point transportation, including planning, monitoring, shipping, following the relevant governmental guidance and the local

customs instructions. We select our external logistics vendors typically through evaluating factors including their distribution and transportation network, experience in cold-chain transportation, timelines in delivery and cost. As of the Latest Practicable Date, we had not experienced any material difficulty in the logistics of manufacture and delivery of CAR-T cell products vein-to-vein. We believe there are adequate back-up external logistics vendors to fulfill our logistic requirements in the event of possible difficulties with our existing vendors.

The whole process time for manufacturing CAR-T cells may vary due to patient difference, testing turnaround time and logistics status. In general, the whole process time for CAR-T manufacturing is about two to three weeks in China and about four to five weeks in the U.S. The longer whole process time in the U.S. is due to the longer turnaround time of release testing conducted by third-party testing service providers. We plan to shorten the whole process time to two to three weeks in the U.S. by establishing the end-to-end quality control test capability in-house in our U.S. manufacturing facility. We also expect to reduce the manufacturing cost by internalizing the quality control function in the U.S. For additional information about our plan to establish manufacturing facility in the U.S., see "— Manufacturing — Our Manufacturing Facilities." Except for temporary delays in the infusion of CAR-T cells back to two patients due to the outbreak of COVID-19 and one patient because of re-manufacturing, since 2017 and up to the Latest Practicable Date, we had not experienced material delays in CAR-T therapies for patients. The three patients received bridging therapy (standard anti-tumor regimen adopted by the treatment guideline) and other supportive therapies before the CAR-T cell infusion. The additional costs were covered mainly by the Company and partially by the patients' medical insurance.

Our cell therapy process platform is designed based on autologous T cell process as a basic platform with flexibility to adapt to other processes. The current platform process is based on unit operations concept with automated and standardized device for each unit operations. We have also implemented a computerized manufacturing execution system to ensure robust traceability and chain of identity in the entire manufacturing process from vein to vein to prevent errors. We have validated the robustness of our CAR-T cell manufacturing process and accumulated extensive manufacturing experience of our CAR-T product candidates to support a variety of clinical trials. As of the Latest Practicable Date, we had not encountered any material difficulty in manufacturing CAR-T cells to support clinical trials.

For our upcoming large-scale commercial manufacturing, we expect to satisfy the production needs for small-and multiple-batch manufacturing for individual patients through building the facilities with multiple independent clean areas which allows flexible, concurrent processing of multiple patient samples and prevent cross-contamination. In addition, we will establish and improve our training system and strengthen the training of operators at all links of our commercial manufacturing process, in order to enhance production proficiency and operating efficiency. Moreover, we plan to further improve our complete quality management system, and ensure every step in the manufacturing process meets our quality standard and expected specifications.

With regard to cost of production, we believe as we are capable of producing all key components for generating high-quality CAR-T cells, coupled with our established quality management system and our ability to conduct most of the quality control measures in-house, we are well positioned to control our cost of production. With potential realization of economies of scale and scope, reduced marginal costs, improved management and production capabilities, and possible innovations in the supply chains, we expect to significantly lower our costs of production as compared to the current level and render our CAR-T products much more affordable for patients who are in need of high-quality, life-saving therapeutic solutions.

As autologous CAR-T cell therapies use a patient's own T cells, which are bioengineered to express chimeric antigen receptors, to identify and subsequently kill tumor cells, CAR-T cell products may bring certain challenges for manufacturing and treatment. To mitigate the challenges, such as delays or failures in manufacturing, the patients enrolled in clinical trials may be administered the standard of care bridging therapy until the CAR-T products are manufactured and released. Except for temporary delays in the infusion of CAR-T cells back to two patients due to the oubreak of COVID-19 and one patient because of re-manufacturing, since 2017 and up to the Latest Practicable Date, we had not experienced material delays in CAR-T therapies for patients. The three patients received bridging therapy and other supportive therapies before the CAR-T cell infusion. The additional costs were covered mainly by us and partially by the patients' medical insurance. In addition, in many cases the CAR-T clinical trial protocol and informed consent form allow a second blood collection and CAR-T manufacturing in case the first attempt is not successful. Our current CAR-T clinical trial protocols are generally designed to enroll patients who are relapsed or refractory from the last line of anti-tumor therapy. Even if the patients fail to respond to CAR-T cell therapies, they could still be considered to be treated with the best possible available medical option.

Collaboration with CDMOs

While we are self-sufficient in manufacturing CAR-T product candidates to support investigator-initiated trials and clinical trials in China, we currently outsource the production of CAR-T product candidates to support relevant clinical trials in the United States to reputable global CDMOs. We also outsource production of AB011 to high-quality CDMOs in China to support the pre-clinical studies and clinical trial of AB011 in China. We select our CDMOs by reviewing a number of factors, including their qualifications, relevant expertise, production capacity, geographic proximity, reputation, track record, product quality, reliability in meeting delivery schedules, and the financial terms offered by them. We have adopted procedures to ensure that the production qualifications, facilities and processes of our CDMOs comply with the relevant regulatory requirements and our internal standards. For example, to monitor and evaluate the services performed by our CDMOs, we review all relevant documents and records, especially the manufacturing batch records and quality control records, to ensure that operations of our CDMO partners are in compliance with relevant procedure requirements. Additionally, all intellectual properties generated from the collaboration under the CDMO agreements shall be solely and exclusively owned by us.

As of the Latest Practicable Date, we worked with two CDMOs. Below is a summary of the key terms of the agreement that we typically enter into with our CDMOs:

- *Services*. The CDMO provides us with services such as manufacturing product candidates as specified in the master agreement or a work order.

- *Term*. The CDMO is required to perform its services within the prescribed time limit set out in each work order and in accordance with the key performance indicators agreed by both parties.

- *Payments*. The CDMO bills us in accordance with milestones agreed by the parties and we are required to make payments typically within 30 days from the invoice date.

- *Risk allocation*. Each party should indemnify the other party for losses caused by its negligence, recklessness, intentional misconduct or material breach of the master agreement or the work order.

- *Intellectual property*. All intellectual properties generated from the collaboration under the CDMO agreements during the term of collaboration shall be solely and exclusively owned by us.

REGULATORY AFFAIRS AND INDUSTRIAL COMMUNICATIONS

Led by our Senior Vice President, Global Regulatory Head Dr. Yong Fan, our regulatory affairs team is responsible for the regulatory approval process of our product candidates, including assembling application dossiers for IND applications and NDAs/BLAs, addressing inquiries from relevant authorities and monitoring our research and development projects to ensure their compliance with relevant regulations.

We believe that we are viewed by the relevant regulatory agencies as one of the key players in providing critical inputs on developing the regulatory environment of cell therapy in China. We have provided feedbacks on a variety of critical draft guidelines prepared by the NMPA, such as the draft Guideline on Clinical Trials of Immunological Cell Therapy Products, Guideline on CMC Research and Evaluation of Immunological Cell Therapy Products, Good Pharmacovigilance Practice, among others.

In the course of the pre-clinical and clinical development of our product candidates, our regulatory affairs team has engaged in communications with relevant regulatory authorities such as the NMPA, the U.S. FDA, Health Canada and the EMA. As of the Latest Practicable Date, we had not received any material concerns, objections or negative statements raised by the NMPA, the U.S. FDA, Health Canada, the EMA or other relevant authorities that we are not able to address in a timely manner.

The following table sets forth material communications we had with regulatory authorities during our research and development of CT053, our Core Product, and CT041. CT041 received the IND clearance from the U.S. FDA without a pre-IND meeting.

CT053

Regulatory Authority	Communication Type	Form of Communication	Date	Content of Communication	Results of Communication
NMPA	Pre-IND meeting	Written response	April 17, 2018	Consultation on the design of clinical trial	The NMPA advised that IND filing can be made with supplementary data.
	End of Phase I meeting	Video conference	May 20, 2020	Report the results of the Phase I clinical trial; discuss the design of the registrational/pivotal Phase II trial	The NMPA advised us to submit additional data from the Phase I clinical trial to support the initiation of the Phase II clinical trial.
	End of Phase I meeting	Video conference	November 27, 2020	Report the updated Phase I clinical data; discuss the design of the registrational/ pivotal Phase II trial	Consensus was reached with the NMPA on the design of the Phase II trial, including the dosage, primary efficacy endpoint and sample size. The NMPA agreed that we can proceed to initiate the Phase II clinical trial.
	Type I meeting request post grant of the Breakthrough Therapy designation	Written response	February 2, 2021	Report the available data on CMC and non-clinical studies during the Phase I clinical trial and consult with CDE on future development plan	The NMPA provided advice on the CMC and non-clinical development.

Regulatory Authority	Communication Type	Form of Communication	Date	Content of Communication	Results of Communication
U.S. FDA	Pre-IND meeting	Teleconference	December 18, 2018	The FDA provided comprehensive answers to all pre-clinical, CMC and clinical questions in their preliminary responses prior to the meeting and additional comments to assist us with IND submission. The Pre-IND meeting discussion was brief and mainly focused on product release testing.	FDA concurred with our proposed product release testing plans and agreed that IND filing can proceed.
	Type B RMAT kick-off meeting	Teleconference	June 25, 2020	Consultation on the pivotal trial design and on the addition of the manufacturing facility to the IND	FDA commented on a comparability trial design.
	Type B RMAT kick-off meeting	Written response	December 31, 2020	FDA's written guidance on protocol, IRC charter and SAP for pivotal trial.	We agree with FDA's input and are addressing all comments

Regulatory Authority	Communication Type	Form of Communication	Date	Content of Communication	Results of Communication
EMA	PRIME kick-off meeting	Face-to-face	February 5, 2020	Presentation of our CT053 program to the EMA, including the overall development plan, timelines and milestones, detailed manufacturing plans and pre-clinical and clinical trial designs.	The EMA recommended the following: 1. first scientific advice procedure: quality, clinical, nonclinical queries. 2. second scientific advice procedure: orphan similarity strategy; post-authorization studies.
	First scientific meeting	Teleconference	September 1, 2020	Discussion of the clinical items and EU manufacturing plan.	The EMA concurred with us on the dose selection and advised that there be sufficient numbers of patients treated in EU with adequate follow-up duration.

CT041

Regulatory Authority	Communication Type	Form of Communication	Date	Content of Communication	Results of Communication
NMPA	Pre-IND meeting	Video conference and written response	March 20, 2020	Consultation on clinical, pharmacological, toxicological and CMC issues	The NMPA provided advice and agreed that the IND filing can be proceeded with supplementary data
	Consultation	Written response	March 24, 2021	Consultation on the CMC profile during the Phase I clinical trial	The NMPA provided advice on questions we consulted

In addition to communications with the regulatory agencies by our regulatory affairs team, in the course of clinical trials of our product candidates, we have engaged in close communications with principal investigators and ethics committees at the clinical sites at which we conducted our clinical trials. We received approval for our proposed clinical trials at such clinical sites from the relevant ethics committees. For further information on the data that we gathered from our clinical trials, see "— Our Product Pipeline."

As a result of the foregoing communications, we developed extensive training materials for physicians on the administration of our product candidates, as well as a comprehensive introduction to CAR-T therapy for patients as part of the process of obtaining informed patient consent to the administration of our product candidates. We expect that our communications with physicians at the hospitals and research institutes where we conducted clinical trials of our product candidates will contribute to the formation of our commercialization strategy for product candidates once they are approved by relevant regulatory authorities. As these institutions have established treatment or disease management procedures and supporting medical resources developed during the administration of our product candidates as part of our clinical trials, these institutions are expected to also be our initial commercial target sites. For additional information on our commercialization plan, see "— Commercialization."

Aside from the foregoing material regulatory and industrial communications, we do not believe that our communications with other third parties (such as oncologists, other key opinion leaders, patient groups, consultants or scientific advisors) had a material impact on the design of our clinical trial plans or commercialization plans with respect to our product candidates. We have regularly updated our significant shareholders on the implementation of our clinical development plan.

COMMERCIALIZATION

Due to the novel and comprehensive treatment process of CAR-T therapies, we anticipate that successful launch and commercialization of CAR-T therapies will require substantial efforts to educate physicians and patients on the potential benefits, proper process for administration and post-treatment monitoring, and measures for mitigating possible adverse effect. We have initiated formulating our marketing strategies in a staggered approach corresponding to the expected launch timeline of our product candidates to introduce our CAR-T product candidates, once approved, to the market. The staggered approach features stepwise expansion of our future marketing efforts. As discussed in more details below, for the China market, we intend to cover key Class III Grade A hospitals in tier one cities and selected tier two cities across the country that are equipped to administer CT053 CAR-T cell therapy and other treatments for hematological malignancies in their hematology department. We also plan to broaden our footprint into oncology departments as we approach the launch of CT041 and other solid tumor product candidates. Going forward, we will also build out our sales and marketing force to cover other key markets such as the United States and Europe.

We have not had experience in marketing our product candidates as none of them has received the marketing approval from relevant authorities. We have hired Mr. YU Rong as our Director of Strategic Planning. Mr. Yu has over 12 years of working experience at renowned global pharmaceutical companies and has rich experience in brand management and strategic planning. We aim to expand our sales and marketing team to over 70 members by the end of 2022.

In China, we intend to build up a dedicated sales and marketing team. By the end of 2022, we plan to cover key Class III Grade A hospitals in tier one cities and selected tier two cities across the country that are equipped to administer CT053 CAR-T cell therapy and other treatments for hematological malignancies in their hematology department. As we approach the launch of CT041 and other CAR-T product candidates for treating solid tumors, we also plan to broaden our footprint into oncology department. We aim to establish a centralized collaborative system for standard clinical management of CAR-T therapies by forging close collaborations with local key participants such as research and clinical centers, in order to achieve a whole-process management of patients for CAR-T therapies covering prior evaluation, apheresis, pre-treatment, infusion, after-infusion monitoring and long-term follow-up. We may also pursue a national CAR-T consortia model by engaging with reputable medical centers and key opinion leaders to set up regional CAR-T treatment centers, which may be able to re-allocate the scarce medical resources from large cities to less-developed cities or regions and provide access to patients who otherwise may not be able to receive treatment with our CAR-T product candidates. Besides, in order to ensure continuous, efficient and cost-effective supplies of CAR-T product candidates for clinical and commercial use, we aim to establish a standard validation process to expedite the installation and certification of GMP-compliant CAR-T manufacturing centers.

Our sales and marketing team will also introduce a tailored product education curriculum, where medical professionals become familiar with our high-quality, innovative products and can learn how to properly administer and monitor our treatments, while promoting awareness of our brand within the scientific and medical communities as a leading, innovative company that produces best-in-class or first-in-class CAR-T products. We expect such education events will strength the support of the medical professionals for our products and ultimately position our products as the first preferred treatment options. Besides, we will strive to increase the market acceptance of our products by educating patients, directly or indirectly, about the advantages of our CAR-T therapies in meeting their critical unmet medical needs. To further incentivize patients to choose our product candidates, we will explore potential medical and commercial insurance coverage on our products and, particularly when patients need to pay out-of-pocket, we will continue our efforts to lower costs of production to provide affordable CAR-T treatment to patients.

Going forward, we will also build out our sales and marketing force to enter the major markets, such as the United States and Europe, in order to help more patients with solid tumors or hematological malignancies with our CAR-T cell therapies. We have established our clinical development team in the United States and started to build up our commercial team in United States and Europe to prepare for the launch of our products in those markets once approved. We consider the following key strategic drivers that will help realize our vision to become a global biopharmaceutical leader.

- The major markets contribute to a majority of global pharmaceutical sales, with active momentum in growth and market acceptance for biologic products, especially in the U.S. market. These markets have been evolving for many decades with profound transparency, system-wise operation channels and decent commercialization models. Historically, once-small-scaled biotech companies with attracting products in prioritized or even niche market with substantial unmet needs have been able to benefit from those systematic advantages and to drive rapid growth in business size. Examples include Genentech (anti-VEGF mAb for the ophthalmology market), Amgen (erythropoietin for the anemia market) and Gilead (antisense drugs for the antiviral market). In the major markets, especially the U.S., pharmaceutical companies compete based on solid commercial assessment and strategic planning and often face less price-cut pressure from peers.

- In the major markets, patient affordability and price premium can be well balanced through the mature co-payment solution combining the following: (1) social medical insurance, such as Medicare and Medicaid in the U.S. and relevant programs overseen by the National Institute for Health and Care Excellence in the United Kingdom (the "**UK**"); (2) commercial insurance, such as pay-by-outcome plans and on-disease plans; (3) financial aid program, such as payment installment, and (4) other patient support programs, such as named patient programs or compassionate use. We expect that a large numbers of addressable patients from those markets will be eligible for the innovative treatment, such as immunotherapy and cell therapy, which is usually costly. Also, we expect that the treatment cost for our products will be compelling due to our ability to lower manufacturing cost and internalize quality control as benchmarked against the currently launched CAR T cell products. Therefore, the optimized affordability in those markets will broaden the patients' access to our products when they are approved by the relevant regulatory authorities for marketing.

- Contract sales organizations ("**CSOs**") are evolving dramatically to support pharmaceutical companies, especially those small- and mid-sized biotech companies, to rapidly penetrate the major markets and extend business in focused areas under balanced considerations of budget cost and business growth. A large number pharmaceutical companies in the major markets are benefiting from their alliance with CSOs that feature substantial collaboration with CSO to boost business

coverage with focused healthcare professionals and institutes. We will consider to partner with leading global CSOs, during our global expansion outside of China to ensure that we are able to achieve an ideal level of business coverage in the respective regions.

- The value proposition of our product candidates for the treatment of solid tumors as potential first-in-class or paradigm-shifting treatment options, as well as the perception that our CT053 has a favorable safety and promising efficacy for the treatment of R/R MM may accelerate their inclusion as recommended therapies in the relevant clinical guidelines such as NCCN, ASCO or ESMO, which we expect will further drive the market awareness and the stakeholders' acceptance and adoption of our products.

SUPPLIERS AND RAW MATERIALS

During the Track Record Period, the principal raw materials that we used in our business included serum and cell media, among others. The principal types of equipment that we procured in our business included cell processing instrument, cell expansion system and flow cytometer, among others. We purchased these raw materials and supplies from a variety of suppliers around the world. We selected our suppliers by considering cost and their capability, capacity, quality, delivery, supplier profile, and regulatory compliance according to our internal purchasing policy, among other factors. We had also engaged service providers such as CDMOs and CROs primarily to support our clinical trials in the United States and to produce our product candidate AB011. For additional information, see "— Research and Development — Collaboration with CROs" and "— Manufacturing — Collaboration with CDMOs."

For the years ended December 31, 2019 and 2020, our purchases from our five largest suppliers in aggregate accounted for 51.6% and 49.4% of our total purchases, respectively, and our purchases from our largest supplier alone accounted for 21.1% and 27.3% of our total purchases, respectively. Purchases primarily included third-party contracting services for research and development purposes, raw materials, equipment, construction and management services. All of our five largest suppliers during the Track Record Period are Independent Third Parties, and none of our Directors, their respective associates nor any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

The following table sets forth the details of our top five supplier for the year ended December 31, 2020:

Suppliers	Products/Services Procured	Headquarter	Length of Relationship (since)	Credit terms	Procurement Amount	Procurement Contribution
					(RMB'000)	*(%)*
A	Product samples and services for clinical trials	United States	11/2016	30 days after the invoice date	49,517	27.3
B	Clinical trial management services	United States	1/2019	30 days after the invoice date	17,528	9.6
C	Product samples and services for clinical trials	China	1/2019	10 working days after the invoice date	10,208	5.6
D	Mechanical and electrical engineering installation	China	9/2018	21 days after the invoice date	7,141	3.9
E	Product samples for clinical trials	China	9/2020	30 days after the invoice date	5,400	3.0
Total . . .	N/A	N/A	N/A	N/A	89,793	49.4

The following table sets forth the details of our top five suppliers for the year ended December 31, 2019:

Suppliers	Products/Services Procured	Headquarter	Length of Relationship (since)	Credit terms	Procurement Amount	Procurement Contribution
					(RMB'000)	*(%)*
F	Property rental and management, utilities	China	3/2019	30 days after the invoice date	46,791	21.1
A	Product samples and services for clinical trials	United States	11/2016	30 days after the invoice date	24,240	10.9
D	Mechanical and electrical engineering installation	China	11/2018	60 days after the invoice date	18,801	8.5
C	Product samples and services for clinical trials	China	1/2019	10 working days after the invoice date	14,096	6.4
G	Equipments and materials	China	5/2018	30 days after the invoice date	10,426	4.7
Total . . .	N/A	N/A	N/A	N/A	114,354	51.6

We believe that there are adequate alternative sources with comparable quality and prices for major supplies that we procure for our operations. We will develop alternative sourcing strategies and establish necessary relationships with alternative sources when the needs arise. As of the Latest Practicable Date, we had been dependent on direct supply or agency to procure key equipment, most of which is imported, for our operations. We had been in stable relationships with our major equipment suppliers through periodic communications on technical support and industry updates. As most of the key equipment is in sufficient stock in China (Shanghai) Pilot Free Trade Zone, we believe that the supply of such key equipment will continue to be stable. Other than the agreements with certain CROs, we order supplies and services on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements.

COMPETITION

Our product candidates will compete with novel therapies in the same therapeutic areas developed by biopharmaceutical companies, academic research institutions, governmental agencies and public and private research institutions, in addition to standard of care treatments. Due to the promising therapeutic effect of cell therapies in clinical trials, we anticipate increasing competition from existing and new companies developing these therapies. Among others, we expect to compete with Bristol Myers Squibb and bluebird bio, which obtained the marketing approval from the U.S. FDA on March 26, 2021 for Abecma (also known as ide-cel or bb2121), a BCMA-targeted CAR-T therapy, for the treatment of R/R MM after four or more prior lines of therapy; Legend Biotech and Janssen, which are developing the LCAR-B38M/JNJ-68284528 BCMA CAR-T products for the treatment of R/R MM and have submitted a BLA to the U.S. FDA; and Takeda, which is developing TAK-102, a GPC3-targeted CAR-T cell therapy for the treatment of GPC3 positive solid tumors. We also face competition from commercialized CD19-targeted CAR-T products including Kymriah, Yescarta, Tecartus and Breyanzi, as well as CD19-targeted CAR-T product candidates that have submitted the marketing application. In addition, other potential CAR-T therapy competitors may include:

- Companies developing BCMA-targeted cell therapies for the treatment of MM;
- Companies developing CLDN18.2-targeted cell therapies or monoclonal antibodies for the treatment of solid tumors such as gastric/gastroesophageal junction cancer or pancreatic cancer;
- Companies developing GPC3-targeted cell therapies for the treatment of hepatocellular carcinoma;
- Companies developing CD19-targeted cell therapies for the treatment of B-NHL;
- Companies developing EGFR/EGFRvIII-targeted cell therapies for the treatment of glioblastoma.

We also expect to compete with other companies seeking to develop and commercialize cell therapies, including for trial sites, for enrollment in our trials and with respect to indications that we are targeting and may target in the future.

Many of our competitors, either alone or with their collaboration partners, have significantly greater financial resources and expertise in research and development, pre-clinical testing, clinical trials, manufacturing, and marketing than we do. Future collaborations and mergers and acquisitions may result in further resource concentration among a smaller number of competitors. Our commercial potential could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than products that we may develop. Our competitors also may obtain approvals from the NMPA, the U.S. FDA, Health Canada, the EMA or other regulatory authorities for their products more rapidly than we are

able to obtain approvals for ours, which could result in our competitors establishing a strong market position before we are able to enter the market or make our development more complicated. The key competitive factors affecting the success of all of our programs are likely to be efficacy, safety, convenience and pricing. These competitors may also vie for a similar pool of qualified scientific and management talent, clinical sites and patient populations for clinical trials, as well as for technologies complementary to, or indispensable for, our programs.

EMPLOYEES

The following table sets forth a breakdown of our employees by function as of the Latest Practicable Date:

Function	Number	% of Total
Research	164	40.5%
Clinical development	84	20.7%
Manufacturing	76	18.8%
Commercial	4	1.0%
Finance/Legal/HR/IT/Others	77	19.0%
Total	405	100.0%

As of the Latest Practicable Date, we had 389 employees in China and 16 employees in the United States. In anticipation of the launch of our pipeline candidates, we plan to build our commercialization team to have eight full-time employees by the fourth quarter of 2021. For additional details, see sub-section headed "Commercialization" in this section.

Employment Agreements with Key Management and Research Staff

We enter into standard confidentiality and employment agreements with our key management and research staff. The contracts with our key personnel typically include a standard non-compete agreement that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for up to two years after the termination of his or her employment. The agreements also typically include undertakings regarding assignment of inventions and discoveries made during the course of his or her employment. For further details regarding the terms of confidentiality and employment agreements with our key management, see "Directors and Senior Management" in this Prospectus.

We believe that we maintain a good working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes, labor disputes or industrial action which had a material effect on our business. We believe we have not experienced any significant difficulty in recruiting staff for our operations. We have established a labor union that represents employees with respect to the promulgation of bylaws and internal protocols in China.

Training and Development

We conduct new staff training regularly to guide new employees and help them adapt to the new working environment. In addition, we provide on-line and in-person formal and comprehensive company-level and department-level training to our employees to supplement the on-the-job training. We also encourage our employees to attend external seminars and workshops to enrich their technical knowledge and develop competencies and skills. We also provide training and development programs to our employees from time-to-time to ensure their awareness and compliance with our various policies and procedures. As we emphasize on operating an integrated platform for research and development of our product candidates, we conduct certain training jointly involving different groups and departments with different functions to foster mutual support in our day-to-day operations.

Employee Benefits

Our employees' remuneration consists of salaries, bonuses, share-based incentive plans, social insurance contributions and other welfare payments. In accordance with applicable laws, we have made contributions to social insurance funds (including pension plan, unemployment insurance, work-related injury insurance, medical insurance and maternity insurance, as applicable) and housing funds for our employees. For more information, please refer to the section headed "Risk Factors — Risks Relating to Extensive Government Regulation — Failure to comply with relevant regulations relating to social insurance and the housing provident fund may subject us to penalties and adversely affect our business, financial condition, results of operations and prospects." During the Track Record Period and up to the Latest Practicable Date, we had complied with all statutory social insurance fund and housing fund obligations applicable to us under PRC laws in all material aspects.

INTELLECTUAL PROPERTY

Intellectual property rights are important to the success of our business. Our future commercial success depends, in part, on our ability to: obtain and maintain patent and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business; defend and enforce our patents; preserve the confidentiality of our trade secrets; and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties. As of the Latest Practicable Date, we owned 50 issued patents and 214 patent applications in more than 19 countries or regions, including China, the United States, Europe (EPO) and Japan.

The patent portfolios for our five clinical stage product candidates in IND trials and our CycloCAR and THANK-uCAR technologies as of the Latest Practicable Date are summarized below:

CT053. We have two granted patents and additional 15 patent applications directed to the BCMA-targeted antibody and the CAR construct. We intend to pursue marketing exclusivity periods that are available under regulatory provisions in certain countries. As of the Latest Practicable Date, we were not aware of any concerns or issues raised by relevant authorities regarding granted patents or patent applications relating to CT053.

CT041 and AB011. We have filed 15 patent applications based on our PCT application directed to the CLDN18.2-targeted antibody and the CAR construct. We intend to pursue marketing exclusivity periods that are available under regulatory provisions in certain countries. As of the Latest Practicable Date, we were not aware of any concerns or issues raised by relevant authorities regarding patent applications relating to CT041 and AB011.

CT011. We have three granted patents and additional 11 patent applications directed to the GPC3-targeted antibody and the CAR construct. We intend to pursue marketing exclusivity periods that are available under regulatory provisions in certain countries. As of the Latest Practicable Date, we were not aware of any concerns or issues raised by relevant authorities regarding granted patents or patent applications relating to CT011.

CT032. We have filed five patent applications directed to the CD19-targeted antibody and the CAR construct. We intend to pursue marketing exclusivity periods that are available under regulatory provisions in certain countries. As of the Latest Practicable Date, we were not aware of any concerns or issues raised by relevant authorities regarding patent applications relating to CT032.

CycloCAR. We have filed 12 patent applications directed to the technology of CAR T cell co-expressing cytokines IL-7 and chemokine CCL21. We intend to pursue marketing exclusivity periods that are available under regulatory provisions in certain countries. As of the Latest Practicable Date, we were not aware of any concerns or issues raised by relevant authorities regarding the patent applications relating to CycloCAR.

THANK-uCAR. We have filed two patent applications directed to the technology platform for avoiding NK cell rejection. We intend to pursue marketing exclusivity periods that are available under regulatory provisions in certain countries. As of the Latest Practicable Date, we were not aware of any concerns or issues raised by relevant authorities regarding the patent applications relating to THANK-uCAR technology.

The following table summarizes the details of our material granted patents and patent applications in connection with our clinical product candidates in IND trials and our CycloCAR and THANK-uCAR technologies as of the Latest Practicable Date. Our granted patents and pending patent applications cover the key inventions for our Core Product Candidate and pipeline candidates in clinical trials under IND, as well as our key technologies.

Summary of material patent and patent applications of our clinical product candidates

Product	Scope of Patent Protection	Jurisdiction (Country/ Region)	Status	Applicant/ Patentee	Patent Expiration	Our Commercial Rights
CT053	Directed to the BCMA-targeted antibody and the CAR construct	CN	Granted	Our Group	2038	All rights
	Directed to the BCMA-targeted antibody and the CAR construct	TW	Granted	Our Group	2038	All rights
	Directed to the BCMA-targeted antibody and the CAR construct	AU, BR, CA, CL, CN, EPO, HK, IL, IN, JP, KR, NZ, RU, SG, US	Pending	Our Group	2038	All rights
CT041 and AB011 . . .	Directed to the CLDN18.2-targeted antibody and the CAR construct	US	Granted	One Group	2037	All rights
	Directed to the CLDN18.2-targeted antibody and the CAR construct	CN, AU, BR, CA, CL, EPO, HK, IL, IN, JP, KR, NZ, RU, SG	Pending	Our Group	2037	All rights

Product	Scope of Patent Protection	Jurisdiction (Country/ Region)	Status	Applicant/ Patentee	Patent Expiration	Our Commercial Rights
CT011	Directed to the GPC3-targeted antibody and the CAR construct	CN	Granted	Our Group	2036	All rights
	Directed to the GPC3-targeted antibody and the CAR construct	RU	Granted	Our Group	2036	All rights
	Directed to the GPC3-targeted antibody and the CAR construct	EPO	Granted	Our Group	2036	All rights
	Directed to the GPC3-targeted antibody and the CAR construct	AU, BR, CA, CN, HK, IL, JP, KR, NZ, SG, US	Pending	Our Group	2036	All rights
CT032	Directed to the CD19-targeted antibody and the CAR construct	CN, EPO, HK, JP and U.S.	Pending	Our Group	2037	All rights
CycloCAR	Directed to the technology of CAR T cell co-expressing cytokines IL-7 and chemokine CCL21	CN, AU, CA, CL, EP, HK, IL, JP, KR, NZ, SG, and US	Pending	Our Group	2039	All rights
THANK-uCAR	Directed to the technology platform	PCT	Pending	Our Group	2040	All rights
	Directed to the technology platform	CN	Pending	Our Group	2041	All rights

Abbreviations: PCT = Patent Cooperation Treaty; CN = Mainland China; AU = Australia; BR = Brazil; CA = Canada; CL = Chile; EPO = European Patent Office; HK = Hong Kong; IL = Israel; IN = India; JP = Japan; KR = South Korea; NZ = New Zealand; RU = Russia; SG = Singapore; TW = Taiwan; U.S. = United States.

Note: Patent expiration date is estimated based on current filing status.

Besides, we owned four granted patents and eight pending patent applications directed to the antibody and CAR construct for EGFR/EGFRvIII CAR-T, all of which are patents for product. The issued patents were granted from 2019 to 2021 and are set to expire from 2035 to 2036. The start year of the patent applications is 2016 with estimated expiration of the corresponding patent rights, if granted, in 2036. All of the issued patents and patent applications list Dr. Wang as a co-inventor.

The term of individual patents may vary based on the countries in which they are obtained. In most countries in which we file patent applications, including China and the United States, the term of an issued patent is generally 20 years from the filing date of the earliest non-provisional patent application on which the patent is based in the applicable country. In the United States, a patent's term may be lengthened in some cases by a patent term adjustment, which extends the term of a patent to account for administrative delays by the United States Patent and Trademark Office, or USPTO, in excess of a patent applicant's own delays during the prosecution process, or may be shortened if a patent is terminally disclaimed over a commonly owned patent having an earlier expiration date.

In addition, with respect to any issued patents in the United States and Europe, we may be entitled to obtain an extension of the patent's term provided we meet the applicable requirements for obtaining such patent term extensions. For example, in the United States, we may apply for a patent term extension of up to five years as compensation for the patent term lost during clinical trials and the U.S. FDA regulatory review process under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments. The exact duration of the extension depends on the time we spend in clinical trials, as well as getting an NDA approval from the U.S. FDA. However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended, and only those claims covering the approved drug, a method for using or a method for manufacturing it may be extended. In certain other foreign jurisdictions, similar extensions as compensation for regulatory delays are also available.

The actual protection provided by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extensions or adjustments, the availability of legal remedies in a particular country, and the validity and enforceability of the patent. We cannot provide any assurance that patents will be issued with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned or licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and methods of manufacturing the same.

We may rely, in some circumstances, on trade secrets and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with consultants, scientific advisors and contractors, and invention assignment agreements with our employees. We have entered into confidentiality agreements and non-competition agreements with our senior management and certain key members of our research and development team, and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract, which we use to employ each of our employees, contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work.

These agreements may not provide sufficient protection of our trade secrets and/or confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secrets and/or confidential information, and we may not have an adequate remedy for any such breach. In addition, our trade secrets and/or confidential information may become known or be independently developed by a third party, or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to sufficiently protect our trade secrets and proprietary information.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. See "Risk Factors — Risks Relating to Our Business — Risks Relating to Our Intellectual Property Rights" for a description of risks related to our intellectual property.

We conduct our business under the brand name "carsgen." We have various registered trademarks in China, the United States and the EU. These trademarks will expire between the year 2026 to 2030 and are renewable before expiration. We have also applied for trademark registrations in Japan and Hong Kong. As of the Latest Practicable Date, we were the registered owner of 11 domain names, seven of which will expire by 2021 and four of which will expire in 2022. All domain names we owned as of the Latest Practicable Date can be renewed at anytime.

As of the Latest Practicable Date, we were not involved in any proceedings or claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent. Our Directors confirm that they are not aware of any instances of infringement of any third parties' intellectual property rights by us as of the Latest Practicable Date. For risks relating to our intellectual property rights, see "Risk Factors – Risks Relating to Our Intellectual Property Rights."

LAND, PROPERTIES AND FACILITIES

We own our Jinshan manufacturing facility which has a total GFA of 7,600 sq.m. located in the Jinshan Park of the Shanghai Hi-Tech Industrial Development Zone (上海張江高新區金山園). For additional information, see the sub-section headed "Manufacturing" in this section. We have obtained the real estate ownership certificate on May 20, 2019 for the land where our Jinshan manufacturing facility locates with a site area of 41,155 sq.m. In addition, we rent a total of 2,666.4 sq.m. of office space and 2,665.4 sq.m. of laboratory space in Jinshan, Shanghai. The relevant rental agreements provide rental terms of six years that expire between December 2026 and March 2027. We have the right of first refusal to renew the lease, provided that we notify the lessor at least three months before the expiration date under the lease agreements.

We rent, via four rental agreements, a total of 6,215.9 sq.m. of combined office and laboratory space in Xuhui District, Shanghai and established our Xuhui facilities for early discovery, pre-clinical studies and clinical manufacturing. Xuhui facilities also host our headquarter offices. Categorized by functions, our Xuhui facilities contain 1,051.8 sq.m. of laboratory space for research and development, 1,051.8 sq.m. of laboratory space for biological sample analysis, 3,083.3 sq.m. of clinical manufacturing facilities, 1,029.0 sq.m. of office space and other miscellaneous purposes. The relevant rental agreements provide rental terms of one to three years that expire between February 2022 and March 2022. We have the right of first refusal to renew the leases, provided that we notify the lessor at least 180 days before the expiration date under the lease agreement for the clinical manufacturing facilities, and at least 90 days before the expiration date under the other three rental agreements. We also rent a total of 874.7 sq.m. of office space in Xuhui, Shanghai. The relevant rental agreement provides a rental term of three years that expires in January 2024. We have the right of first refusal to renew the lease, provided that we notify the lessor at least three months before the expiration date under the lease agreement.

We rent 32 seats from a co-working space provider in Beijing. The relevant rental agreement provides a rental term that expires in October 2022. We rent a total of approximately 298 sq.m. of office space in Houston, Texas in the United States. The relevant rental agreement provides a rental term that expires in February 2024. The rental agreement is renewable by us giving the landlord nine months of prior notice subject to the consent of the landlord.

As of the Latest Practicable Date, none of our lease agreements for properties in China had been registered with relevant authorities in China. Our PRC Legal Advisor is of the view that the non-registration of lease agreements will not affect the validity of the lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and if we fail to so rectify, we may be subject to a fine of between RMB1,000 and RMB10,000 for each of these leasing properties. For further details, please see the sections headed "Risk Factors — Risks Relating to Doing Business in China — We may be subject to fines due to the lack of registration of our leases."

We do not have any property interest with a carrying amount of 15% or more of our consolidated total assets as of December 31, 2020. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this Prospectus is exempted from compliance with the requirements of section 38(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all of our Group's interests in land or buildings.

ENVIRONMENTAL MATTERS AND WORKPLACE SAFETY

Our operations and facilities are subject to extensive environmental protection and health and safety laws and regulations. We believe environmental protection and workplace safety is one of the important social responsibilities of us corporate citizens. To emphasize the legal and compliance operations, we take all necessary measures and efforts to do well in environmental protection and maintenance of a safe workplace.

We have implemented company-wide environmental, health and safety (EHS) manuals, policies and standard operating procedures that include management systems and procedures relating to general waste treatment; process safety management; handling, use, storage, treatment and disposal of hazardous substances; and worker health and safety requirements. Our engineering equipment department is responsible for the safe operation and management of our laboratory facilities, water circulation system, electrical and power distribution equipment, refrigeration and heating system, sewage treatment, project construction, fire equipment and other facilities related matters.

For the years ended December 31, 2019 and 2020, our total cost of compliance with environmental protection and health and safety laws and regulations was RMB1.0 million and RMB1.1 million, respectively. We do not expect our costs of complying with current and future environmental protection and health and safety laws to increase significantly going forwards. However, because the requirements imposed by these laws and regulations may change, we may be unable to accurately predict the cost of complying with these laws and regulations. See "Risk Factors — Risks Relating to Our General Operations — If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines, penalties, damages or incur costs that could have a material adverse effect on the success of our business."

During the Track Record Period, we were not subject to any administrative penalties relating to environmental, health or safety compliance that would have a material adverse effect on our financial position or results of operations as a whole. There had not been any material accidents in the course of our operation or any material claims for personal or property damages in connection with environmental protection, health or work safety against us during the Track Record Period and up to the Latest Practicable Date. We have not had any significant workplace accidents in our history.

During the COVID-19 outbreak, we have endeavored to provide a safe work environment by implementing company-wide self-protection policies for employees to either work remotely or on-site with protective masks and sanitization. As there are still sporadic COVID-19 cases in China and a decreasing number of new cases of COVID-19 in the United States, we will continue monitoring the situation, following the relevant governmental guidelines and implementing necessary safety measures to protect our employees and our business from COVID-19.

As a socially responsible company, we are committed to environment protection as well as energy and resource conservation. We monitor our electricity and water usage, conduct regular inspections of our laboratory equipment to check for abnormal conditions and take other measures to improve energy efficiency in our offices and facilities. We also endeavor to cultivate our staff's energy-saving habits. For example, we post signs such as "turn off the lights" and "use less paper towels" in eye-catching areas in our offices to enhance our employees' awareness of energy saving.

PERMITS, LICENSES AND OTHER APPROVALS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our current operations. The table below sets forth the relevant details of the material licenses we hold for our operations.

Permit/License/ Certification	Item	Authority	Grant Date	Expiry Date
CARsgen Therapeutics Co., Ltd.				
Business License	Business scope: the research and development of technologies and products in the fields of biology and medicine (except for genetically modified organisms and human stem cell genetic diagnosis) etc.	Shanghai Xuhui District Administration For Market Regulation	October 30, 2014	October 29, 2034
Approval of International Cooperative of Scientific Research on Human Genetic Resources	Approve the international cooperation of scientific research for an evaluation on the safety, tolerability, pharmacokinetic characteristics and preliminary efficacy of the AB011 phase I clinical trial in China	China Human Genetic Resources Management Office	May, 2020	June, 2024

Permit/License/ Certification	Item	Authority	Grant Date	Expiry Date
Approval of International Cooperative of Scientific Research on Human Genetic Resources	Approve the international cooperation of scientific research for the CAR-GPC3 phase I clinical trial in China	China Human Genetic Resources Management Office	June, 2020	October, 2022
Approval of International Cooperative of Scientific Research on Human Genetic Resources	Approve the international cooperation of scientific research for an evaluation on the safety and efficacy of the CT053 phase I/II clinical trial in China	China Human Genetic Resources Management Office	March, 2020	June, 2023
Approval of Collection, Gather, Sale, Export, and Exit of Human Genetic Resources	Approve the Collection, Gather, and Exit of Human Genetic Resources regards to the CAR-GPC3 phase I clinical trial	China Human Genetic Resources Management Office	June, 2019	October, 2022
Record Information Form for the Overseas Provision or Use of Human Genetic Resources Information . .	Record for the overseas provision or use of the information regards to GPC3 phase I clinical trial	China Human Genetic Resources Management Office	May, 2020	March, 2025
Record Certificate of Pathogenic Microorganism Laboratory	Record for the pathogenic microorganism laboratory (CART manufacturing laboratory)	Shanghai Xuhui District Health Commission	January 8, 2020	NA.
Record Certificate of Pathogenic Microorganism Laboratory	Record for the pathogenic microorganism laboratory (biological activity testing laboratory)	Shanghai Xuhui District Health Commission	January 8, 2020	NA.
Record Certificate of Pathogenic Microorganism Laboratory	Record for the pathogenic microorganism laboratory (carrier culture laboratory)	Shanghai Xuhui District Health Commission	January 8, 2020	NA.
Record Certificate of Pathogenic Microorganism Laboratory	Record for the pathogenic microorganism laboratory (RCL testing laboratory)	Shanghai Xuhui District Health Commission	September 10, 2019	NA.

Permit/License/ Certification	Item	Authority	Grant Date	Expiry Date
Record Certificate of Pathogenic Microorganism Laboratory	Record for the pathogenic microorganism laboratory (biological sample analysis laboratory)	Shanghai Xuhui District Health Commission	May 14, 2019	NA.
Record Certificate of Pathogenic Microorganism Laboratory	Record for the pathogenic microorganism laboratory (positive control laboratory)	Shanghai Xuhui Health and Family Planning Commission	May 24, 2017	NA.
Receipt for the Record of the Consignee and Consignor of Customs Import and Export Goods .	Record as the consignee and consignor of customs import and export goods	Xuhui Custom	January 18, 2021	NA.
Record Registration Form for Foreign Trade Dealers.	Record for the foreign trade	Shanghai Municipal Commission of Commerce	February 23, 2021	NA.
CARsgen Life Sciences Co., Ltd.				
Business License	Business scope: biotechnology (except for the development and application of human stem cells and gene diagnosis and treatment technology), medical technology (except for the development and application of human stem cells and gene diagnosis and treatment technology) etc.	China (Shanghai) Pilot Free Trade Zone Administration For Market Regulation	March 22, 2018	March 21, 2038
Approval of International Cooperative of Scientific Research on Human Genetic Resources	Approve the international cooperation of scientific research for an evaluation on the safety, tolerability, pharmacokinetic characteristics and preliminary efficacy of the AB011 phase I clinical trial in China	China Human Genetic Resources Management Office	May, 2020	June, 2024

Permit/License/ Certification	Item	Authority	Grant Date	Expiry Date
CARsgen Pharmaceuticals Co., Ltd.				
Business License	Business scope: technology development in the fields of medical technology and biotechnology etc.	Shanghai Jinshan District Administration For Market Regulation	November 15, 2017	November 14, 2037
Manufacturing License for Pharmaceutical Products .	Approve the drug manufacturing for the therapeutic biological products (pre-market registration stage)	Shanghai Medical Products Administration	September 30, 2019	September 29, 2024
Approval of International Cooperative of Scientific Research on Human Genetic Resources	Approve the international cooperation of scientific research for an evaluation on the safety and efficacy of the CT032 phase I/II clinical trial in China	China Human Genetic Resources Management Office	July, 2020	April, 2025
Approval of International Cooperative of Scientific Research on Human Genetic Resources	Approve the international cooperation of scientific research for an evaluation on the safety and efficacy of the CT053 phase I/II clinical trial in China	China Human Genetic Resources Management Office	March, 2020	June, 2023
Record Information Form for the Overseas Provision or Use of Human Genetic Resources Information . .	Record for the overseas provision or use of the information regards to the safety and efficacy evaluation of the CT053 phase I/II clinical trial	China Human Genetic Resources Management Office	June, 2020	June, 2023
Record Information Form for the Overseas Provision or Use of Human Genetic Resources Information . .	Record for the overseas provision or use of the information regards to the safety and efficacy evaluation of the CT041 clinical trial	China Human Genetic Resources Management Office	July, 2020	December, 2022

Permit/License/ Certification	Item	Authority	Grant Date	Expiry Date
Record Information Form for the Overseas Provision or Use of Human Genetic Resources Information . .	Record for the overseas provision or use of the information regards to the safety and efficacy evaluation of the CT041 phase Ib/II clinical trial	China Human Genetic Resources Management Office	October, 2020	October, 2024
Record Information Form for the Overseas Provision or Use of Human Genetic Resources Information . .	Record for the overseas provision or use of the information regards to the safety and efficacy evaluation of the CT041 phase Ib/II clinical trial	China Human Genetic Resources Management Office	November, 2020	October, 2024
Record Certificate of Pathogenic Microorganism Laboratory	Record for the pathogenic microorganism laboratory	Shanghai Jinshan District Health Commission	June 24, 2019	NA.
Receipt for the Record of the Consignee and Consignor of Customs Import and Export Goods .	Record as the consignee and consignor of customs import and export goods	Jinshan Custom	January 18, 2021	NA.
Record Registration form for Foreign Trade Dealers . .	Record for the foreign trade	Shanghai Municipal Commission of Commerce	November 28, 2018	NA.
CARsgen Diagnostics Co., Ltd.				
Business License	Import and export of goods; import and export of technology; operation of the third category of medical equipment etc.	Shanghai Jinshan District Administration For Market Regulation	November 23, 2020	Perpetual

We did not need to renew the above licenses, approvals and permits as of the Latest Practicable Date. For the Manufacturing License for Pharmaceutical Products that is going to expire on September 29, 2024, we would apply to the SHMPA for re-inspection six months before the expiration date in accordance with the relevant PRC laws and regulations. For the approvals or records granted by the HGRAC that are set to expire between 2022 and 2024, including (1) the Approval of International Cooperative of Scientific Research on Human Genetic Resources, (2) the Approval of Collection, Gathering, Sale, Export, and Exit of Human Genetic Resources, and (3) the Record Information Form for the Overseas Provision or Use of Human Genetic Resources Information, the HGR Office set the expiration dates after considering the planned completion dates of the proposed studies. We intend to complete the

relevant studies prior to the expiration dates as planned, and therefore we do not anticipate that we would be required to renew the applicable approvals or records. However, if such studies are not completed by the expiration dates, we would submit an application for change of expiration dates to the HGR Office based on the *Administration Regulations of the People's Republic of China on Human Genetic Resources and Notice of the China Human Genetic Resources Management Office on Further Expanding the Implementation Scope of Simplified Approval Process* (《中國人類遺傳資源管理辦公室關於進一步擴大簡化審批流程實施範圍的通知》). We do not anticipate to encounter any material difficulties in renewing our key permits, licenses or approvals.

LEGAL PROCEEDINGS AND COMPLIANCE

As of the Latest Practicable Date, we were not a party to any actual or threatened material legal or administrative proceedings. We are committed to maintaining the highest standards of compliance with the laws and regulations applicable to our business. However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. In China, our insurance policies cover study-related accidents and adverse events in our clinical trials. We maintain social welfare insurance for our employees in accordance with relevant PRC laws and regulations in all material aspects. We do not maintain product liability insurance or employer liability insurance.

In North America, we maintain insurance policies that cover accidents and adverse events in our clinical trials, commercial general liability as well as umbrella liability at workplace, workers' compensation and employers' liability, short-term/long-term disability and basic life insurance.

We intend to obtain medical and commercial insurance coverage on our product candidates, including product liability insurance policies in China, the United States and other markets where we plan to market our product candidates once they are approved. We will procure such insurance policies as appropriate when we receive regulatory approval of our product candidates for marketing and before commercialization in the relevant markets.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in general market conditions and the regulatory environment of the PRC, the United States and global biologics market, our ability to develop, manufacture and commercialize our product candidates, and our ability to compete with other pharmaceutical companies operating in the same markets as ours. See "Risk Factors" for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to foreign exchange, cash flow and fair value interest rate, credit and liquidity risks that arise in the normal course of our business. See "Financial Information — Market Risk Disclosure" for a discussion of these market risks.

We have adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Our senior management, and ultimately our Directors, supervise the implementation of our risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors.

The following key principles outline our approach to risk management:

- Our Audit Committee will oversee and manage the overall risks associated with our business operation, including (i) reviewing and approving our risk management policies to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving our corporate risk tolerance; (iii) monitoring the most significant risks associated with our business operation and our management's handling of such risks; (iv) reviewing our corporate risk in light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across our Group.

- Our management team will be responsible for (i) formulating and updating our risk management policy and targets; (ii) reviewing and approving major risk management issues of our Group; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our Group; (v) reviewing the relevant departments' reporting on key risks and providing feedback; (vi) supervising the implementation of our risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competencies are in place across our Group; and (viii) reporting to our audit committee on our material risks.

- The relevant departments, including but not limited to the finance department, the legal department and the human resources department, are responsible for developing and implementing our risk management policy and carrying out our day-to-day risk management practice, such as assessing risks on key business operations, advising risk responses and optimizing risk management policies. In order to standardize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

Internal Control

Our Board of Directors is responsible for establishing and ensuring effective internal controls to safeguard our Shareholder's investment at all times. Our internal control policies set out a framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis.

Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our business operation, such as protection of intellectual property, environmental protection, and occupational health and safety. For example, we maintains a list of positions that require a certificate to undertake and require that the corresponding personnel to participate in trainings and pass the necessary assessment to obtain the certificate before they are allowed to commence their work. For more information, see "— Intellectual Property" and "— Environmental Matters and Workplace Safety." We provide periodic training on these measures and procedures to our employees as part of our employee training program. We also constantly monitor the implementation of those measures and procedures through our on-site internal control team for each stage of the product development process. For time to time, we are inspected for our compliance with environmental, health and safety laws and regulations by authorities such as the Public Security Bureau and the Health Commission. As of the Latest Practicable Date, we had not been subject to any administrative penalties in connection with environmental, health and safety matters.

- Our Directors (who are responsible for monitoring the corporate governance of our Group), with help from our legal advisors, will also periodically review our compliance status with all relevant laws and regulations after the Listing. We have established an Audit Committee in connection with the Listing, which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial information and renders advice in respect of financial reporting as well as oversee internal control procedures of our Group.

- We have engaged Guotai Junan Capital Limited as our compliance advisor to provide advice to our Directors and management team until the end of the first fiscal year after the Listing regarding matters relating to the Listing Rules. Our compliance advisor is expected to, upon our consultation, provide advice and guidance in respect of compliance with the applicable laws and Listing Rules including various requirements of directors' duties and internal control in a timely fashion.

- We have engaged a PRC law firm to advise us on and keep us abreast of PRC laws and regulations after the Listing. We will continue to arrange various trainings sessions to be provided by external legal advisors from time to time when necessary, and/or any appropriate accredited institution to update our Directors, senior management and relevant employees on the latest PRC laws and regulations.

- We have established procedures to protect the confidentiality of clinical trial data. We clearly define the scope of the personnel who can access data generated from clinical trials and the information about the enrolled participants. Access to such data has been strictly limited to the authorized personnel according to the GCP and relevant regulations. We have also implemented measures the secure patients' privacy. For example, we only use anonymized code as a basis for patient identification. We require external parties and internal employees involved in clinical trials to comply with confidentiality requirements. Data are to be used only for the intended use, as agreed by the patients and consistent with the Informed Consent Form, or the ICF. We will obtain consent from patients for use of genetic materials or if any use of data falls outside the scope of the previously signed ICF. With regard to the use of genetic materials, our biological sample analysis laboratory has formulated standard procedures and strictly follow such procedures for the storage, use and destruction of biological samples of the clinical trial participants. In addition, our clinical operations team has standardized procedures for handling human genetic materials in compliance with the relevant laws and regulations, such as the HGR Regulation.

- Our code of conduct and compliance policies are standard for our industry and apply to all of our employees. We have established and maintain strict anti-corruption and anti-bribery policies, which sets forth our internal policies and procedures with regard to business entertainment, provision of gifts and financial reimbursement. We also require all of our employees to attend the trainings on the anti-corruption and anti-bribery polices. In addition, we will periodically review and update the policies and provide trainings to our employees on the updates. We will also ensure that our commercialization team complies with applicable promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities. Moreover, we have formulated an anti-corruption and anti-bribery integrity agreement which we require our suppliers, including CROs to execute before we enter into business relationship. All of these compliance policies can be readily applied to our future in-house sales and marketing team.

- We will comply with the Corporate Governance Code, except for the deviation from the code provision A.2.1 of the Corporate Governance Code. We have established three board committees, namely, the Audit Committee, the Nomination and Corporate Governance Committee and the Remuneration Committee, with respective terms of reference in compliance with the Corporate Governance Code.

- Our Directors believe that compliance creates value for us and dedicate to cultivating a compliance culture among all of our employees. To ensure such compliance culture is embedded into everyday workflow and set the expectations for individual behavior across the organization, we regularly conduct internal compliance checks and inspections, adopt strict accountability internally and conduct compliance training.

During the Track Record Period, we have regularly reviewed and enhanced our internal control system. We believe that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

OVERVIEW

We have entered into certain agreements with our Connected Persons. Following Listing, the transactions contemplated under such agreements will constitute our continuing connected transactions under the Listing Rules.

Details of the continuing connected transactions of the Group following the Listing are set out below.

CONNECTED PERSONS

Following the Listing, the following parties, which have entered into certain written agreements with our Group, will be connected persons of our Group:

Name	Connected Relationship
Dr. Li	Executive Director, Chairman of the Board, CEO and substantial shareholder of our Company, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules
Mr. Guo Bingsen	Non-Executive Director of our Company, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules
Dr. Wang	Executive Director of our Company, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules
Mr. Guo Huaqing	Non-Executive Director of our Company, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules
YIJIE Biotech (Shanghai)	An associate of Dr. Li, a connected person of our Company and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Contractual Arrangements

Background for the Contractual Arrangements

As disclosed in the section headed "Contractual Arrangements" of this Prospectus, due to regulatory restrictions on foreign ownership in the PRC, we are prohibited from directly owning any equity interest in CARsgen Therapeutics. Therefore, in order for our Group to effectively control and enjoy the entire economic benefit of CARsgen Therapeutics, a series of Contractual Arrangements have been entered into among CARsgen Life Sciences, CARsgen Therapeutics, and the Registered Shareholders. The Contractual Arrangements enable us to (i) receive substantially all of the economic benefits from CARsgen Therapeutics in consideration for the services provided by CARsgen Life Sciences to CARsgen Therapeutics; (ii) exercise effective control over CARsgen Therapeutics; and (iii) hold an exclusive option to purchase all or part of the equity interests in CARsgen Therapeutics when and to the extent permitted by PRC law.

Principal Terms of the Transactions

The Contractual Arrangements consist of five types of agreements: (a) the Exclusive Option Agreements; (b) the Exclusive Business Cooperation Agreement; (c) the Share Pledge Agreements; (d) the Powers of Attorney; and (e) the Spouse Undertakings (all as defined in the section headed "Contractual Arrangements" in this Prospectus). See the section headed "Contractual Arrangements" in this Prospectus for detailed terms of the Contractual Arrangements.

Listing Rules implications

The highest applicable percentage ratios (other than profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for the Waiver Application and the View of Our Directors on the Continuing Connected Transaction

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of

the Listing Rules, the Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules.

In addition, given the Contractual Arrangements were entered into prior to the Listing and are disclosed in this Prospectus, and potential investors of our Company will participate in the Global Offering on the basis of such disclosure, our Directors consider that compliance with the announcement and the independent shareholders' approval requirements in respect thereof immediately after Listing would add unnecessary administrative costs to our Company.

APPLICATION FOR AND CONDITIONS FOR WAIVER

In relation to the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject however to the following conditions:

(a) *No change without independent non-executive Directors' approval* — No change to the Contractual Arrangements (including with respect to any fees payable to CARsgen Life Sciences thereunder) will be made without the approval of the independent non-executive Directors.

(b) *No change without independent Shareholders' approval* — Save as described in "(d) Renewal and Reproduction" below, no change to the agreements constituting the Contractual Arrangements will be made without the approval of our Company's independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement, circular or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in "Ongoing Reporting and Approvals" below) will however continue to be applicable.

(c) *Economic Benefits Flexibility* — The Contractual Arrangements shall continue to enable our Group to receive the entire economic benefits derived by CARsgen Therapeutics through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire all or part of the entire equity interests in CARsgen Therapeutics for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under

which the entire profit generated by CARsgen Therapeutics is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to CARsgen Life Sciences by CARsgen Therapeutics under the Exclusive Consultation and Service Agreement, and (iii) the Group's right to control the management and operation of, in substance, all of the voting rights of CARsgen Therapeutics.

(d) *Renewal and reproduction* — On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and CARsgen Therapeutics, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or Substantial Shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(e) *Ongoing reporting and approvals* — Our Group will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- The Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.

- Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by CARsgen Therapeutics to the Relevant Shareholders which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and CARsgen Therapeutics during the relevant financial period under paragraph (iii) above are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.

- Our Company's auditor will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by CARsgen Therapeutics to the Relevant Shareholders which are not otherwise subsequently assigned or transferred to our Group.

- For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", CARsgen Therapeutics will be treated as our Company's wholly-owned subsidiary, and at the same time, the directors, chief executive officers or substantial shareholders of CARsgen Therapeutics and their respective associates will be treated as connected persons of our Company (excluding for this purpose, CARsgen Therapeutics), and transactions between these connected persons and our Group (including for this purpose, CARsgen Therapeutics), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

- CARsgen Therapeutics will undertake that, for so long as the Shares are listed on the Stock Exchange, CARsgen Therapeutics will provide our Group's management and our Company's auditors full access to its relevant records for the purpose of our Company's auditors' review of the connected transactions.

DIRECTORS' AND JOINT SPONSORS' VIEW

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules.

Based on the documentation provided by the Company and the Joint Sponsor's participation in the due diligence and discussion with the management of the Company and the PRC Legal Advisor, the Joint Sponsors are of the view that the Contractual Arrangements are fundamental to our Group's legal structure and business operations and that the Contractual Arrangements have been entered into in the ordinary and usual course of business, on normal commercial terms and are fair and reasonable and are in the interests of the Shareholders as a whole.

The Joint Sponsors are of the view that (i) to the term of the relevant agreements underlying the Contractual Arrangements, which is of an indefinite duration, is a justifiable and normal business practice for agreements of their type, and (ii) the absence of the proposed caps for the Contractual Arrangement is fair and reasonable and in the interest of our Shareholders as a whole.

BOARD OF DIRECTORS

As of the date of this Prospectus, the Board of Directors of our Company 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 the members of the Board of Directors of our Company:

Name	Age	Date of Joining our Group	Date of Appointment as Director	Position	Roles and Responsibilities
Dr. LI Zonghai (李宗海)	47	October 2014	February 9, 2018	Executive Director, Chairman of the Board of Director, CEO and Chief Scientific Officer	Overall strategic business planning of our Group
Dr. WANG Huamao (王華茂)	44	October 2014	September 13, 2018	Executive Director and COO	Overall operations of and CMC strategies our Group
Mr. GUO Bingsen (郭炳森)	50	April 2016	September 13, 2018	Non-executive Director	Participating in formulating the corporate and business strategies of our Group
Mr. GUO Huaqing (郭華清)	32	September 2015	September 18, 2020	Non-executive Director	Participating in formulating the corporate and business strategies of our Group
Mr. XIE Ronggang (謝榕剛)	34	September 2020	September 18, 2020	Non-executive Director	Participating in formulating the corporate and business strategies of our Group

Name	Age	Date of Joining our Group	Date of Appointment as Director	Position	Roles and Responsibilities
Ms. ZHAO Yachao (趙雅超)	39	October 2014	September 13, 2018	Non-executive Director	Participating in formulating the corporate and business strategies of our Group
Dr. FAN Chunhai (樊春海)	47	Listing Date	Listing Date	Independent non-executive Director	Supervising and providing independent judgment to the Board of Directors
Dr. YAN Guangmei (顏光美)	63	Listing Date	Listing Date	Independent non-executive Director	Supervising and providing independent judgment to the Board of Directors
Mr. SO Tak Young (蘇德揚)	50	Listing Date	Listing Date	Independent non-executive Director	Supervising and providing independent judgment to the Board of Directors

Executive Directors

Dr. LI Zonghai (李宗海), aged 47, was appointed as a Director in February 2018, and the CEO and the Chief Scientific Officer in February 2021. He was re-designated as an executive Director in February 2021.

Dr. Li has also held positions at CARsgen Therapeutics. He has been a director and the chief executive officer since October 2014, and the chief scientific officer since December 2017.

Dr. Li has approximately 20 years of work experience in the biopharmaceutical field. Prior to joining our Group, Dr. Li was a project manager at Guilin Pavay Gene Pharmaceutical Co., Ltd. (桂林華諾威基因藥業有限公司) from July 2000 to April 2002. Dr. Li worked at Shanghai Cancer Institute (上海市腫瘤研究所) from July 2005 to June 2018 and served as the leader of the biotherapy research team at the State Key Laboratory of Oncogenes and Related Genes of Shanghai Cancer Institute (上海市腫瘤研究所癌基因及相關基因國家重點實驗室) during such period. In light of the governmental policy to support and encourage scientific

researchers to work in private technology companies conditional upon the requisite college or research institutes' approval, Dr. Li decided to establish our Group in October 2014 to conduct R&D work and the commercialization of cellular immunotherapy, while continuing to work at Shanghai Cancer Institute. The arrangement was ratified and approved by the Shanghai Cancer Institute in January 2016.

Dr. Li has dedicated himself to developing innovative treatment for the patients with cancer. One of his early career achievements is the identification of GE11, a peptide ligand of EGFR which has become a widely used unnatural peptide in antitumor study now. He is also the inventor of new technologies such as Hpd3cell, a new phage display technology; FR806, a new safety switch for T cell therapy; CycloCAR technology to increase the antitumor activities of chimeric antigen receptor (CAR) T cells. He has a leading role in the research on CAR T cell therapy against solid tumors by publishing the first paper of CAR T cell therapy against GPC3, Claudin18.2 and EGFR/EGFRvIII worldwide. Dr. Li was a professor in Shanghai Cancer Institute, Renji Hospital affiliated to Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院附屬仁濟醫院上海市腫瘤研究所) and a doctoral supervisor at Renji Hospital affiliated to Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院附屬仁濟醫院).

Dr. Li obtained his bachelor's degree in preventive medicine and master's degree in pathology and pathogen biology from the Central South University (中南大學), formerly known as the Hunan Medical University (湖南醫科大學), the PRC, in June 1997 and July 2000 respectively. He obtained his Doctor of Philosophy degree in pathogen biology from Fudan University (復旦大學), the PRC, in June 2005. Dr. Li was awarded the Leading Talents of Shanghai City (上海市領軍人物) in 2018 and the Shanghai Youth Science and Technology Award (上海市青年科技傑出貢獻獎) in 2019.

Dr. WANG Huamao (王華茂) aged 44, was appointed as a Director in September 2018 and the COO in February 2021. He was re-designated as an executive Director in February 2021.

Dr. Wang has also held positions at other members of our Group. He has been a director and the chief operating officer of CARsgen Therapeutics since October 2014, the general manager of CARsgen Pharmaceuticals since November 2017 and the general manager of CARsgen Diagnostics since November 2020.

Prior to joining our Group, Dr. Wang worked at Zhejiang Academy of Medical Sciences (浙江省醫學科學院) from July 2009 to January 2011, served as the deputy general manager of Shanghai Ruijin Biotechnology Co., Ltd. (上海銳勁生物技術有限公司) from January 2011 to June 2013, and the general manager of YIJIE Biotech (Shanghai) from July 2013 to October 2014.

Dr. Wang obtained his bachelor's degree in biochemistry from Sichuan University (四川大學), the PRC, in July 1999. He received his master's degree and Doctor of Philosophy degree in pathogenic organisms from Fudan University (復旦大學), the PRC, in June 2003 and June 2009, respectively.

Non-executive Directors

Mr. GUO Bingsen (郭炳森), aged 50, was appointed as a Director in September 2018 and re-designated as a non-executive Director in February 2021.

Mr. Guo had been a director of CARsgen Therapeutics from April 2016 to April 2020.

Mr. Guo is an entrepreneur with expertise in plastic manufacturing industry. He co-founded Fujian Huian Xian Yide Plastic Co., Ltd. (福建惠安縣怡德塑膠有限公司) in March 1998 and acts as its director; established Xinsheng Precision Computer Mould (Fujian) Ltd. (鑫晟精密電腦模具(福建)有限公司) in April 2006 and acts as its executive director. In October 2009, Mr. Guo founded Hubei Xincheng Plastic Ltd. (湖北鑫晟塑膠有限公司). He co-founded Quanzhou Hongcheng Precision Plastic Mould Ltd. (泉州弘晟精密塑膠模具有限公司) in February 2017 and was appointed as a supervisor from February 2017 to April 2019. Mr. Guo was appointed as the vice president of the council of the Fifth Administrative Committee of Fujian Province Youth Commercial Association (福建省青年商會第五屆管委會理事會) in 2016.

Mr. Guo was awarded the 12th Fujian Province Outstanding Entrepreneur (第十二屆福建省優秀企業家) in 2008. He was nominated as one of the National Villages Young Entrepreneurial Leaders (全國農村青年創業致富帶頭人) in 2008.

Mr. Guo is an uncle of another non-executive Director, Mr. Guo Huaqing (郭華清).

Mr. GUO Huaqing (郭華清), aged 32, was appointed as a Director in September 2020 and re-designated as a non-executive Director in February 2021. Mr. Guo is primarily responsible for participating in formulating the corporate and business strategies of our Group. Since his appointment as a Director, Mr. Guo participated in the decision-making of the Board in relation to important matters of our Company, including the Series C+ financing and the decision for the Listing on the Stock Exchange.

Mr. Guo served as a vice president at Quanzhou Jiatai Footwear Ltd. (泉州嘉泰鞋業有限公司) from September 2011 to August 2015, and as the general manager and legal representative at Fujian Dingwo Investment Management Ltd. (福建省鼎沃投資管理有限公司) from September 2015 to May 2020, during which he participated in equity investments projects. Mr. Guo has been an executive Director, the general manager and legal representative at Xiamen Runtang Tianyi Investment Management Ltd. (廈門潤唐天一投資管理有限公司) since June 2020 and has been responsible for investment management in the secondary market.

With his experience in business administration and investment management, our Company believes that Mr. Guo can bring a unique perspective to the Board, in particular, in assisting our Company's business development and risk assessment of various investments.

Mr. Guo obtained his bachelor's degree in business administration from Jiageng College of Xiamen University (廈門大學嘉庚學院), the PRC, in July 2011.

Mr. Guo is a nephew of Mr. GUO Bingsen (郭炳森).

Mr. XIE Ronggang (謝榕剛), aged 34, was appointed as a Director in September 2020 and re-designated as a non-executive Director in February 2021.

Mr. Xie joined Shanghai Loyal Valley Investment Management Limited (上海正心谷投資管理有限公司) as a senior investment manager in October 2015, was promoted to a managing director in November 2016 and is currently a partner. Prior to joining Shanghai Loyal Valley Investment Management Limited, Mr. Xie served as an investment manager at Suzhou Kaifeng Zhengde Investment Management Co., Ltd (蘇州凱風正德投資管理有限公司) from June 2011 to June 2014, before he was appointed as an investment director between June 2014 and June 2015. Mr. Xie has been appointed as a director of Shanghai Allist Pharmaceuticals Co., Ltd. (上海艾力斯醫藥科技股份有限公司) (SSE: 688578), a non-executive director of Akeso, Inc. (康方生物科技(開曼)有限公司) (HKEX: 9926) and a non-executive director of InnoCare Pharma Limited (諾誠健華醫藥有限公司) since November 2019, August 2020 and March 2021, respectively.

Mr. Xie obtained his master's degree in biomedical engineering from Southeast University (東南大學), the PRC, in March 2011.

Ms. ZHAO Yachao (趙雅超), aged 39, was appointed as a Director in September 2018 and re-designated as a non-executive Director in February 2021.

Ms. Zhao has been working at BVCF Management Ltd. (百奧維達投資諮詢(上海)有限公司) since July 2007, previously as an investment manager and investment director, and currently the managing director.

Ms. Zhao completed her undergraduate studies and postgraduate studies in finance from Fudan University (復旦大學), the PRC, in July 2003 and June 2007, respectively.

Independent Non-executive Directors

Dr. FAN Chunhai (樊春海), aged 47, was appointed as an independent non-executive Director effective as of the Listing Date.

Dr. Fan served as a researcher at the Shanghai Institute of Applied Physics, Chinese Academy of Sciences (中國科學院上海應用物理研究所), a distinguished researcher at the Chinese Academy of Sciences (中國科學院), the head of the Division of Physical Biology (物理生物學研究室) and the head of the Center of Bio-imaging, Shanghai Sychrotron Radiation Facility (上海光源生物成像中心) between 2004 and 2018. Dr. Fan has been a professor of the School of Chemistry and Chemical Engineering in Shanghai Jiao Tong University (上海交通大學化學化工學院) and the director of Shanghai Key Laboratory for Nucleic Acid Chemistry and Nanomedicine (上海市核酸化學與納米醫學重點實驗室) since 2018. He is also a K.C. Wong Chair Professor (王寬誠講席教授) of Shanghai Jiao Tong University (上海交通大學).

Dr. Fan obtained his bachelor's degree in biochemistry and doctorate degree in biochemistry and molecular biology from Nanjing University (南京大學), the PRC, in July 1996 and September 2000, respectively. In November 2019, Dr. Fan was elected as an academician of the Chinese Academy of Sciences (中國科學院).

Dr. YAN Guangmei (顏光美), aged 63, was appointed as an independent non-executive Director effective as of the Listing Date.

Dr. Yan began to teach at Sun Yat-sen University (中山大學) (previously known Sun Yat-sen University of Medical Sciences (中山醫科大學)) in August 1989. He was an assistant professor from August 1989 to July 1992 and was appointed as a professor from December 1996 to November 1999. Dr. Yan served as the vice president of the university from 2008 to 2017.

Dr. Yan has been an independent non-executive director of Medprin Regenerative Medical Technologies Co., Ltd. (廣州邁普再生醫學科技股份有限公司) since November 2018 and MGI Tech Co., Ltd. (深圳華大智造科技股份有限公司) since June 2020.

Dr. Yan obtained his bachelor's degree in medicine from the Central South University Xiangya School of Medicine (中南大學湘雅醫學院), formerly known as the Hunan Medical School (湖南醫學院), the PRC in December 1979 and completed a training course of the National College of Pharmacy Teaching (全國高等學院校藥理學師資進修班) organized by the university in February 1982. Dr. Yan obtained his master's and doctorate degree in medicine from Sun Yat-sen University (中山大學), formerly known as Sun Yat-sen University of Medical Sciences (中山醫科大學), the PRC, in March 1985 and July 1989, respectively.

Mr. SO Tak Young (蘇德揚), aged 50, was appointed as an independent non-executive Director effective as of the Listing Date.

Mr. So has more than 20 years of experience in finance, accounting, investment and private equity businesses with global financial institutions and asset management companies. He started his career as an auditor with Ernst & Young, Hong Kong from February 1993 to December 1994. Mr. So served as a managing partner of FastLane Group in July 2012 and served as a partner of Prospere Capital Limited in January 2018. He served as an independent non-executive Director of Shanghai Henlius Biotech, Inc. (HKEX: 2696) since September 2019.

Mr. So has previously served various positions, including vice president of global capital market/Asia treasury and vice president of financial controls of Bank of America, Hong Kong from January 1998 to March 2002, head of finance and operations of consumer and commercial banking in Hong Kong, head of asset and liability management of Greater China and chief financial officer of private client banking in Hong Kong of ABN AMRO Bank N.V., Hong Kong from March 2002 to January 2005, chief financial officer of Hamon Asset Management Limited, an affiliate of Bank of New York Mellon in February 2005, chief financial officer of Asia Pacific of asset management division for Deutsche Bank, Hong Kong from August 2007 to November 2011, and chief financial officer of PAG Capital in November 2011.

Mr. So received his bachelor of business degree and his master of business administration degree from the University of Technology in Sydney, Australia in April 1994 and September 1998, respectively. He is a fellow member of Certified Practicing Accounting Australia since August 2011.

SENIOR MANAGEMENT

Dr. Li and Dr. Wang are each an executive Director of our Company and also a member of our senior management team. See their biographies in the part headed "— Directors — Executive Directors". The senior management team of our Group comprises, in addition to our executive Directors, the following persons listed below:

Name	Age	Date of Joining our Group	Current Position	Roles and Responsibilities
Dr. FAN Yong (范勇)	61	January 2020	Senior Vice President, Global Regulatory Affairs	Overseeing the global regulatory affairs of our Group
Dr. HSU Leigh James	50	June 2017	Senior Vice President, Business Development	Overseeing the business development of our Group in the United States
Dr. JIA Jie (賈捷)	43	December 2016	Vice President, Strategic Alliances and Operations	Overseeing the corporate operations of our Group in the United States, leading strategic alliances and managing CMC operations
Dr. MA Hong (馬洪)	50	August 2018	Senior Vice President, Clinical Development	Overseeing the clinical development of our Group
Dr. WANG Wei (汪薇)	46	June 2018	Vice President, Clinical Development	Overseeing the clinical development of our Group
Ms. XIE Lan . .	48	March 2021	Senior Vice President, Finance	Overseeing the financial operations of our Group

Dr. FAN Yong (范勇), aged 61, joined the Group in January 2020 and is our Senior Vice President, Global Regulatory Affairs.

Dr. Fan was a laboratory director at The Brooklyn Hospital Center from January 1995 to October 2000. In November 2000 Dr. Fan joined the New York Presbyterian Medical Center as the Lab Manager of the Stem Cell Processing Laboratory. In June 2002, she joined the Memorial Sloan-Kettering Cancer Center. Dr. Fan was a staff scientist at the National Institutes of Health from August 2004 to August 2007. She was a reviewer at the FDA from September 2007 to December 2017 during which she was responsible for reviewing IND applications, BLAs and medical devices.

Dr. Fan obtained her bachelor's degree in medicine from Beihua Univeristy (北華大學) (previously known as Jilin Medical College (吉林醫學院)) (equivalent to doctor of medicine in the United States) in the PRC in December 1982. Dr. Fan received FDA Outstanding Service Award and CBER Technical Excellence Award while working at the FDA.

Dr. HSU Leigh James, aged 50, joined our Group in June 2017 and is our Senior Vice President, Business Development.

Dr. Hsu has over 15 years of work experience in business management and strategic planning in the biotechnology industry. Prior to joining our Group, Dr. Hsu served as director of business development at Acadia Pharmaceuticals (NASDAQ: ACAD) and vice president of corporate development and strategy at Lpath, Inc. (merged with Apollo Endosurgery, Inc. in December 2016) between January 2005 and November 2016.

Dr. Hsu obtained his bachelor's degree in biochemistry and cell biology and his doctorate degree in molecular pathology from the University of California, San Diego in the United States, in June 1993 and September 1999, respectively. He received his master's degree in business administration from the University of California, Irvine in the United States, in June 2001.

Dr. JIA Jie (賈捷), aged 43, joined our Group in December 2016 and is our Vice President, Strategic Alliances and Operations.

Dr. Jia has served in CARsgen Therapeutics Corporation, our wholly-owned subsidiary incorporated in the United States since joining our Group, including as the Vice President, Business Development responsible for overseeing the corporate operations of the Group in the United States, leading the strategic alliances and managing CMC operations from December 2016 to July 2017, as the Vice President, Strategic Alliances responsible for overseeing the corporate operations in the United States, leading strategic alliances, managing CMC operations from July 2017 to December 2018, and as the Vice President, Strategic Alliances and Operations responsible for overseeing the corporate operations in the United States, leading strategic alliances, managing CMC operations from January 2019 to present.

Dr. Jia obtained his bachelor's degree in biochemistry from Sichuan University (四川大學), the PRC, in July 1999 and his doctorate degree in biochemistry and molecular biology from Shanghai Institutes for Biological Sciences, Chinese Academy of Sciences (中國科學院上海生命科學研究院), the PRC, in August 2004. He has been a member of The North American Vascular Biology Organization and Sigma Xi since 2006 and 2008, respectively. In 2014, he joined The Nitric Oxide Society as a member. He became a member of American Association for the Advancement of Science in 2016. Dr. Jia joined the American Society of Clinical Oncology as an allied physician and doctoral scientist in 2017. He has been a member of the American Society of Hematology and a full member of the American Society of Quality since 2019.

Dr. MA Hong (馬洪), aged 50, joined our Group in August 2018 and is our Senior Vice President, Clinical Development.

Dr. Ma was the director of clinical operations at Endocyte, Inc. (NASDAQ: ECYT) (which is not listed on NASDAQ from 31 December 2018) from June 2012 to July 2014. He then worked as a temporary employee at Bellicum Pharmaceuticals, Inc. (NASDAQ: BLCM) from September 2014 to December 2014 and served as the director of clinical development from December 2014 to May 2016. Dr. Ma served as the senior medical director at Immatics US, Inc., a joint venture launched by Immatics Biotechnologies GmbH (NASDAQ: IMTX) and MD Anderson Cancer Center from May 2016 to August 2018.

Dr. Ma obtained his bachelor's degree in clinical medicine and his master's degree in cancer pathophysiology from Central South University (中南大學), formerly known as Hunan Medical University (湖南醫科大學)), the PRC, in July 1994 and July 1997, respectively. He received his master's degree in business administration from University of Georgia, the United States, in May 2005. Dr. Ma has been elected as an Allied Physician/Doctoral Scientist of the American Society of Clinical Oncology since 2011. He has also been a member of the American Society of Hematology since 2016.

Dr. WANG Wei (汪薇), aged 46, joined our Group in June 2018 and is our Vice President.

Dr. Wang previously worked at Xiangya Hospital of Central South University (中南大學湘雅醫院). She also worked at Hangzhou MSD Pharmaceutical Co. Ltd. – Shanghai Branch (杭州默沙東製藥有限公司 – 上海分公司) from January 2007 to August 2011, where she was responsible for the medical affairs in the medical department. Dr. Wang then served at Beijing Novartis Pharma Co., Ltd. (北京諾華製藥有限公司) as a senior medical scientific expert from September 2011 to May 2012. Prior to joining our Group, Dr. Wang served as the associate safety risk lead and subsequently the clinical program lead at the China R&D center of Pfizer (China) Research and Development Co., Ltd. (輝瑞(中國)研究開發有限公司) from May 2012 to May 2018.

Dr. Wang obtained her bachelor's degree in clinical medicine from Central South University (中南大學), formerly known as Hunan Medical University (湖南醫科大學), the PRC, in June 1997. She obtained her master's degree in clinical medicine and doctorate degree in pediatrics from Central South University and Fudan University (復旦大學), the PRC, in June 2003 and July 2007, respectively.

Ms. XIE Lan, aged 48, joined the Group in March, 2021 and is our Senior Vice President, Finance.

Prior to joining our Company, Ms. Xie served as the vice president, finance of Connect Biopharma (Shanghai) Co., Ltd. (康乃德生物醫藥(上海)有限公司), a subsidiary of Connect Biopharma Holdings Limited (NASDAQ: CNTB) from October 2020 to March 2021 during which she was responsible for U.S. listing, finance and tax related matters. Prior to this, Ms. Xie served as the chief financial officer of Sunshine Guojian Pharmaceuticals (Shanghai) Co., Ltd. (三生國健藥業(上海)股份有限公司) (SSE Sci-Tech Innovation Board: 688336) from April 2019 to May 2020 and she was the vice president and the chief financial officer (China region) of SciClone Pharmaceuticals (China) Co., Ltd. (賽生醫藥(中國)有限公司), a wholly-owned subsidiary of SciClone Pharmaceuticals Holdings Limited (賽生藥業控股有限公司) (HKEX: 6600) from August 2012 to September 2018. From November 2007 to July 2012, Ms. Xie served as the vice president, finance of Shanghai ChemPartner Co., Ltd. (上海睿智化學研究有限公司). Ms. Xie was a senior manager in PricewaterhouseCoopers Consultants, Shenzhen Co., Ltd. Shanghai Branch from August 2005 to November 2007 and was responsible for corporate mergers and acquisitions and financial due diligence related work.

Ms. Xie obtained her bachelor's degree in business administration in Boston University in May 1994. She has also earned a master of business administration degree (MBA) in INSEAD in July 2003.

Directors' and Senior Management's Interests

Save as disclosed above in this section, none of our Directors or senior management has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Prospectus.

Save as disclosed above in this section, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

As of the Latest Practicable Date, save for the interests in the Shares of our Company held indirectly by Dr. Li, Dr. Wang Huamao, Mr. Guo Bingsen and Mr. Guo Huaqing, which are disclosed in the section headed "Statutory and General Information – C. Further Information about Our Directors – 3. Disclosure of Interests" in this Prospectus, none of our Directors held any interest in the securities within the meaning of Part XV of the SFO.

Save as disclosed above in this section, as of the Latest Practicable Date, none of our Directors or senior management is related to other Directors or senior management of our Company.

COMPANY SECRETARY

Mr. LUI Wing Yat Christopher (呂穎一) was appointed as the company secretary of our Company on February 23, 2021. Mr. Lui has more than 9 years of experience in the company secretary profession. He joined Tricor Services Limited in October 2011 and currently serves as a manager of corporate services. Mr. Lui has been providing corporate secretarial and compliance services to Hong Kong listed companies as well as multinational, private and offshore companies. Between June 2018 and March 2020, he served as a company secretary at Brainhole Technology Limited (HKEX: 2203). Mr. Lui was appointed as a joint company secretary of TOT BIOPHARM International Company Limited (HKEX: 1875) since April 2019 and has been the company secretary of HBM Holdings Limited (HKEX: 2142) since August 2020.

Mr. Lui obtained his bachelor's degree of science in economics and statistics from University College London, the United Kingdom, in August 2011. He became a chartered secretary and an associate of both the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly the Institute of Chartered Secretaries and Administrators) in the United Kingdom in 2017.

KEY TERMS OF EMPLOYMENT CONTRACTS

Employment Arrangements of Key Management Members and Technical Personnel

We normally enter into (i) an employment contract and (ii) a confidentiality and non-competition agreement with our key management members and technical personnel. Below sets forth the key terms of these contracts we enter into with our key management members and technical personnel.

- *Terms*: We normally enter into an employment contract with our key management members and technical personnel with a term of three years.

Confidentiality

- *Scope of confidential information:* Information which the employees shall keep confidential includes, but is not limited to, inventions, trade secrets, confidential information, knowledge or data of our Company, or any of its clients, consultants, shareholders, licensors, vendors or affiliates, that the employees may produce, obtain or otherwise acquire or have access to during the course of his/her employment with our Company.

- *Obligation:* The employees shall keep confidential information in confidence and shall not directly or indirectly use, divulge, publish or in any other ways disclose or allow to be disclosed any aspect of confidential information to any entity or person.

- *Duration:* The confidentiality obligation shall be effective during the term of employment and shall continue to be in effect after the departure of the employees.

Inventions

- *Ownership:* Our Company has the right to apply for and own the intellectual property rights of any technical achievements of our Company's employees, if they are (i) made by the employees in order to fulfill their job duties; or (ii) produced with a substantial use of our Company's material and technical supply, during the course of employment ("**work achievements**"). These include, but are not limited to, any inventions, utility models, innovations, software, methods, designs, business names, icons, and any patents, trademarks, copyrights, etc. which may be acquired based on the above intellectual properties or technical achievements.

- *Assignment:* Our Company shall have a complete, absolute and exclusive right, title, and interest in and for any and all of such work achievements. Employees should assist our Company in acquiring the abovementioned rights of the work achievements in any appropriate manner and in any country, and shall execute all application documents, assignment agreements and other documents necessary for acquiring such rights or deemed necessary by our Company.

Non-competition

- Without the consent of our Company, the employees shall not engage in any of the following activities during the term of their employment or the non-competition period:

  (i) to produce products or operate businesses similar to that of our Company, or of the same nature, through enterprises established by themselves or through other entities, or to carry out businesses or activities that constitute or may constitute a direct or indirect competition with our Company;

  (ii) to produce products or operate businesses similar to that of our Company, or of the same nature, or to carry out businesses or activities that constitute or may constitute a direct or indirect competition with our Company, for others as a director, senior management or employee; or

  (iii) to work for, or provide services or other assistance to other entities which produce products or operate businesses similar to that of our Company, or of the same nature, or carry out businesses or activities that constitute or may constitute a direct or indirect competition with our Company.

Duration and indemnification

- The non-competition period shall not last more than 12 months or 24 months. During such period, our Company shall make non-competition compensation to resigned employees on a monthly basis according to the non-competition agreement.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive compensation in the form of fees, salaries, bonuses, other allowances, benefits in kind and contribution to the pension scheme. We determine the compensation of our Directors based on each Director's responsibilities, qualification, position and seniority. Each of our independent non-executive Directors has signed an appointment letter with us for a term of three years effective upon the date of this Prospectus. For more information on the appointment letters, please refer to the section headed "Statutory and General Information – C. Further Information about Our Directors – 1. Particulars of Directors' Service Contracts and Appointment Letters" in this Prospectus.

For more information on the Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please see Note 9 of the Accountant's Report set out in Appendix I to this Prospectus.

Save as disclosed above in this section and the sections headed "Financial Information", "Accountant's Report" and "Statutory and General Information" in this Prospectus, no other payments have been paid or are payable during the Track Record Period to our Directors or senior management by our Group.

EMPLOYEE INCENTIVE PLANS

We adopted the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme. For further details, please see the section headed "Statutory and General Information — D. 2019 Equity Incentive Plan" in this Prospectus.

CORPORATE GOVERNANCE

We have established the following committees in our Board of Directors: an Audit Committee, a Remuneration Committee and a Nomination and Corporate Governance Committee. The committees operate in accordance with terms of reference established by our Board of Directors.

Audit Committee

Our Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee consists of two independent non-executive Directors, namely, Mr. So Tak Young and Dr. Fan Chunhai, and one non-executive Director, namely Mr. Guo Huaqing. Mr. So Tak Young, being the chairman of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to assist our Board of Directors by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities assigned by our Board of Directors.

Remuneration Committee

Our Company has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration Committee consists of two independent non-executive Directors, namely, Dr. Yan Guangmei and Dr. Fan Chunhai, and one executive Director, namely, Dr. Li. Dr. Fan Chunhai is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, without limitation, making recommendations to the Board of Directors on our policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration, determining the specific remuneration packages of all Directors and senior management and reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board of Directors from time to time.

Nomination and Corporate Governance Committee

Our Company has established the Nomination and Corporate Governance Committee with written terms of reference in compliance with the Corporate Governance Code. The Nomination and Corporate Governance Committee consists of two independent non-executive Directors, namely, Dr. Yan Guangmei and Dr. Fan Chunhai, and one executive Director, namely, Dr. Li. Dr. Li is the chairman of the Nomination and Corporate Governance Committee. The primary duties of the Nomination and Corporate Governance Committee include, without limitation, reviewing the structure, size and composition of the Board of Directors, assessing the independence of the independent non-executive Directors, making recommendations to the Board of Directors on matters relating to the appointment of Directors, developing, reviewing and assessing the adequacy of our Company's policies and practices on corporate governance and reviewing our Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

Corporate Governance Code

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have separate Chairman of the Board and CEO and Dr. Li, the Chairman of our Board and CEO, currently performs these two roles. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Dr. Li is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our CEO. Our Board also believes that the combined role of Chairman of the Board and CEO can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Board will continue to review and consider splitting the roles of Chairman of the Board and the CEO at a time when it is appropriate by taking into account the circumstances of our Group as a whole. We aim to implement a high standard of corporate governance, which is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code after the Listing save for the matter disclosed above.

Board Diversity Policy

We are committed to promote diversity in our Company to the extent practicable by taking into consideration a number of factors in respect of our corporate governance structure.

We have adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, nationality, cultural and education background, ethnicity and length of service. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of clinical research and development, business and operations management, investment management, corporate finance management and biochemistry. They obtained degrees in various areas including biochemistry, international finance, world economy and medicine. Our board diversity policy is well implemented as evidenced by the fact that there are both male and female Directors ranging from 32 years old to 63 years old with different nationalities and experience from different industries and sectors. After due consideration, our Board believes that based on our existing business model and specific needs, and the background of our Directors, the composition of our Board satisfies the principles under the Board Diversity Policy. Nevertheless, in recognizing the particular importance of gender diversity, our Company confirms that our Nomination Committee will, within three years from the Listing Date, identify and recommend one female candidate to our Board for consideration on her appointment as Director of our Company. Our Directors are of the view that such strategy will offer chances for our Board to identify capable female candidate to be nominated as a member of our Board with an aim to providing our Board with a pipeline of female candidates to further enhance the gender diversity in our Board in the long run.

We are also committed to adopting a similar approach to promote diversity within the management (including but not limited to the senior management) of our Company to enhance the effectiveness of corporate governance of our Company as a whole.

Our Nomination and Corporate Governance Committee is delegated by our Board to be responsible for compliance with relevant codes governing board diversity under the Corporate Governance Code. Subsequent to the Listing, our Nomination and Corporate Governance Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

Compliance Adviser

We have appointed Guotai Junan Capital Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise our Company in certain circumstances including: (a) before the publication of any regulatory announcement, circular, or financial report; (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases; (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in

this Prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this Prospectus; and (d) where the Stock Exchange makes an inquiry to our Company under Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these non-executive Directors may hold directorships from time to time.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme, the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company:

Substantial Shareholder	Capacity/ Nature of interest	Total number of Shares/ underlying shares held as of the Latest Practicable Date[1]	Approximate percentage of interest in our Company as of the Latest Practicable Date	Total number of Shares/ underlying shares held immediately after completion of the Global Offering[2]	Approximate percentage of interest in our Company immediately after completion of the Global Offering[2]
			(%)		*(%)*
Dr. Li[3][4]	Interest in controlled corporation and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92
CART Biotech[3][4]	Interest in controlled corporation and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92
Mr. Guo Bingsen[3][4]	Interest in controlled corporation and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92
Redelle Holding[3][4]	Interest in controlled corporation and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92
Dr. Wang[3][4]	Interest in controlled corporation and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92

Substantial Shareholder	Capacity/ Nature of interest	Total number of Shares/ underlying shares held as of the Latest Practicable Date[1]	Approximate percentage of interest in our Company as of the Latest Practicable Date	Total number of Shares/ underlying shares held immediately after completion of the Global Offering[2]	Approximate percentage of interest in our Company immediately after completion of the Global Offering[2]
			(%)		*(%)*
He Xi Holdings[3][4]	Interest in controlled corporation and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92
Mr. Guo Huaqing[3][4]	Interest in controlled corporation and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92
CANDOCK Holdings[3][4]	Interest in controlled corporation and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92
Mr. Chen[3][4]	Interest in controlled corporation and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92
Accure Biotech[3][4]	Interest in controlled corporation and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92
Ms. Yang Xuehong[4][5]	Interest in controlled corporation and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92
Yeed Holdings[4][5]	Beneficial interest and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92
Ms. Guo Xiaojing[4][6]	Interest in controlled corporation and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92

Substantial Shareholder	Capacity/ Nature of interest	Total number of Shares/ underlying shares held as of the Latest Practicable Date[1]	Approximate percentage of interest in our Company as of the Latest Practicable Date	Total number of Shares/ underlying shares held immediately after completion of the Global Offering[2]	Approximate percentage of interest in our Company immediately after completion of the Global Offering[2]
			(%)		*(%)*
Quanzhou Dingwo (LP)[4][6]	Beneficial interest and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92
YIJIE Biotech (BVI)[3]	Beneficial interest and interest of party acting in concert	215,123,753	45.52	215,123,753	37.92
Mr. YANG Zhi (楊志)[7]	Interest in controlled corporation	39,894,706	8.44	39,894,706	7.03
BVCF Realization Fund GP, Ltd.[7]	Interest in controlled corporation	39,894,706	8.44	39,894,706	7.03
GIC (Ventures) Pte. Ltd.[7]	Interest in controlled corporation	39,894,706	8.44	39,894,706	7.03
Prowell Ventures Pte Ltd[7]	Interest in controlled corporation	39,894,706	8.44	39,894,706	7.03
BVCF Realization Fund, L.P.[7]	Interest in controlled corporation	39,894,706	8.44	39,894,706	7.03
Applied Biomaterial Ltd.[7]	Interest in controlled corporation	39,894,706	8.44	39,894,706	7.03
China Medmaterial[7]	Beneficial interest	39,894,706	8.44	39,894,706	7.03

Notes:

(1) The number of Shares held assuming that all of the Preferred Shares have been converted into the Shares on a one-to-one basis.

(2) Based on the assumption that the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme.

(3) YIJIE Biotech (BVI) holds 198,139,536 Shares of our Company, representing 41.93% of interest of our Company as of the Latest Practicable Date. YIJIE Biotech (BVI) is owned as to 69.00%, 10.20%, 10.00%, 10.00% and 0.80% by CART Biotech, Redelle Holding, He Xi Holdings, Candock Holdings and Accure Biotech (collectively, the "**Intermediary Entities**") respectively. The Intermediary Entities are wholly-owned by Dr. Li, Mr. Guo Bingsen, Dr. Wang, Mr. Guo Huaqing and Mr. Chen respectively.

(4) Dr. Li, Mr. Guo Bingsen, Dr. Wang, Mr. Guo Huaqing, Mr. Chen, the Intermediary Entities, Ms. Yang Xuehong, Yeed Holdings, Ms. Guo Xiaojing and Quanzhou Dingwo (LP) entered into the Concert Party Agreement on February 22, 2021 and each party is deemed to be interested in the Shares that the other parties are interested in under section 317 of the SFO. Each of Dr. Li, Mr. Guo Bingsen, Dr. Wang, Mr. Guo Huaqing and Mr. Chen, through the Intermediary Entities and YIJIE Biotech (BVI), are interested in 198,139,536 Shares of our Company, representing 41.93% of interest in our Company as of the Latest Practicable Date. Ms. Yang Xuehong is interested in 8,888,888 Shares, representing 1.88% of interest in our Company through Yeed Holdings as of the Latest Practicable Date. Ms. Guo Xiaojing is interested in 5,555,556 Shares, representing 1.18% of interest in our Company through Quanzhou Dingwo (LP) as of the Latest Practicable Date. In addition, Mr. Chen is entitled to receive up to 2,539,773 Shares pursuant to options granted to him, subject to the conditions (including vesting conditions) of those options. Therefore, Dr. Li, Mr. Guo Bingsen, Dr. Wang, Mr. Guo Huaqing, Mr. Chen, the Intermediary Entities, Ms. Yang Xuehong, Yeed Holdings, Ms. Guo Xiaojing and Quanzhou Dingwo (LP) are deemed to be interested in a total of 215,123,753 Shares, representing 45.52% of interest in our Company as of the Latest Practicable Date.

(5) Yeed Holdings holds 8,888,888 Shares in our Company, representing 1.88% of interest in our Company as of the Latest Practicable Date. Yeed Holdings is wholly-owned by Ms. Yang Xuehong, the wife of our non-executive Director, Mr. Guo Bingsen.

(6) Quanzhou Dingwo (LP) holds 5,555,556 Shares in our Company, representing 1.18% of interest in our Company as of the Latest Practicable Date. The general partner of Quanzhou Dingwo (LP) is Ms. Guo Xiaojing, the daughter of our non-executive Director, Mr. Guo Bingsen.

(7) China Medmaterial is wholly-owned by Applied Biomaterial Ltd., which is in turn wholly-owned by BVCF Realization Fund, L.P.. The general partner of BVCF Realization Fund, L.P. is BVCF Realization Fund GP, Ltd., a company wholly-owned by Mr. Yang Zhi (楊志). Prowell Ventures Pte. Ltd., a company wholly-owned by GIC (Ventures) Pte. Ltd., which is in turn wholly-owned by the Minister for Finance of the Government of Singapore, owns more than one-third interest in BVCF Realization Fund, L.P.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for a certain number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares) that may be purchased for an aggregate amount of US$230.00 million (or approximately HK$1,785.04 million) (calculated based on the conversion rate of US$1.00 to HK$7.76106) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$29.60, being the low-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 60,301,500 Offer Shares, representing approximately 63.64% of the Offer Shares pursuant to the Global Offering and approximately 10.63% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme).

Assuming an Offer Price of HK$31.20, being the mid-point of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be 57,212,000 Offer Shares, representing approximately 60.38% of the Offer Shares pursuant to the Global Offering and approximately 10.08% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme).

Assuming an Offer Price of HK$32.80, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Shares to be subscribed by the Cornerstone Investor would be 54,420,000 Offer Shares, representing approximately 57.44% of the Offer Shares pursuant to the Global Offering and approximately 9.59% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme).

The Company is of the view that the Cornerstone Placing will help to raise the profile of the Company and to signify that such investors have confidence in the business and prospect of the Group. Other than the close associates of certain existing shareholders which are Cornerstone Investors as described below, our Company became acquainted with each of the Cornerstone Investors through introduction by certain Underwriters in the Global Offering.

To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party and is not our connected person; (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, the Directors, chief executive,

Controlling Shareholders, Substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executive, Controlling Shareholders, Substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates, except for, LAV entities, which are close associates of existing shareholder of the Company and which make their own investment decisions and finance the same; and (iv) each Cornerstone Investor will be utilizing their proprietary funding or the proprietary funding of the funds under their management, as appropriate, as their source of funding for the subscription of the Offer Shares. Details of the actual number of the Offer Shares to be allocated to each of the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around June 17, 2021.

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules. Such Offer Shares will not count towards the public float for the purpose of Rule 18A.07 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in the Company; and none of the Cornerstone Investors will become a Substantial Shareholder of the Company. The Cornerstone Investors do not have any preferential rights under the Cornerstone Investment Agreements compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

There are no side arrangements between the Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing.

One of the Cornerstone Investors, namely LAV entities, which are close associates of existing shareholders of the Company, have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5.2 of Stock Exchange Guidance Letter HKEX-GL92-18 and have been granted a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules by the Stock Exchange.

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering — Allocation — Reallocation" in this Prospectus.

There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements.

THE CORNERSTONE INVESTORS

Set out below is the aggregate number of Offer Shares, and the corresponding percentage to our Company's total issued share capital under the Cornerstone Placing, without taking into account the issuance of any additional Shares under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme:

Based on the Offer Price of HK$29.60 (being the low-end of the Offer Price range)

			Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
Cornerstone Investor	**Investment Amount** *(US$ in million)*[1]	**Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)**	**Assuming the Overallotment Option is not exercised**	**Assuming the Overallotment Option is exercised in full**	**Assuming the Overallotment Option is not exercised**	**Assuming the Overallotment Option is exercised in full**
LAV	50.00	13,109,500	13.84%	12.03%	2.31%	2.25%
NCCM	45.00	11,798,500	12.45%	10.83%	2.08%	2.03%
CloudAlpha	35.00	9,176,500	9.69%	8.42%	1.62%	1.58%
Foresight	30.00	7,865,500	8.30%	7.22%	1.39%	1.35%
WT	20.00	5,243,500	5.53%	4.81%	0.92%	0.90%
GF Fund	20.00	5,243,500	5.53%	4.81%	0.92%	0.90%
Dymon Asia	10.00	2,621,500	2.77%	2.41%	0.46%	0.45%
IvyRock	10.00	2,621,500	2.77%	2.41%	0.46%	0.45%
China Southern	10.00	2,621,500	2.77%	2.41%	0.46%	0.45%
Total	**230.00**	**60,301,500**	**63.64%**	**55.34%**	**10.63%**	**10.37%**

Note:

1. To be converted to Hong Kong dollars based on the exchange rate disclosed in this Prospectus.

Based on the Offer Price of HK$31.20 (being the mid-point of the Offer Price range)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Overallotment Option is not exercised	Assuming the Overallotment Option is exercised in full	Assuming the Overallotment Option is not exercised	Assuming the Overallotment Option is exercised in full
	(US$ in million)[1]					
LAV	50.00	12,437,500	13.13%	11.41%	2.19%	2.14%
NCCM	45.00	11,193,500	11.81%	10.27%	1.97%	1.92%
CloudAlpha	35.00	8,706,000	9.19%	7.99%	1.53%	1.50%
Foresight	30.00	7,462,500	7.88%	6.85%	1.32%	1.28%
WT	20.00	4,975,000	5.25%	4.57%	0.88%	0.86%
GF Fund	20.00	4,975,000	5.25%	4.57%	0.88%	0.86%
Dymon Asia	10.00	2,487,500	2.63%	2.28%	0.44%	0.43%
IvyRock	10.00	2,487,500	2.63%	2.28%	0.44%	0.43%
China Southern	10.00	2,487,500	2.63%	2.28%	0.44%	0.43%
Total	**230.00**	**57,212,000**	**60.38%**	**52.51%**	**10.08%**	**9.84%**

Note:

1. To be converted to Hong Kong dollars based on the exchange rate disclosed in this Prospectus.

Based on the Offer Price of HK$32.80 (being the high-end of the Offer Price range)

Cornerstone Investor	Investment Amount *(US$ in million)*[1]	Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Overallotment Option is not exercised	Assuming the Overallotment Option is exercised in full	Assuming the Overallotment Option is not exercised	Assuming the Overallotment Option is exercised in full
LAV	50.00	11,830,500	12.49%	10.86%	2.09%	2.03%
NCCM	45.00	10,647,500	11.24%	9.77%	1.88%	1.83%
CloudAlpha	35.00	8,281,500	8.74%	7.60%	1.46%	1.42%
Foresight	30.00	7,098,500	7.49%	6.51%	1.25%	1.22%
WT	20.00	4,732,000	4.99%	4.34%	0.83%	0.81%
GF Fund	20.00	4,732,000	4.99%	4.34%	0.83%	0.81%
Dymon Asia	10.00	2,366,000	2.50%	2.17%	0.42%	0.41%
IvyRock	10.00	2,366,000	2.50%	2.17%	0.42%	0.41%
China Southern	10.00	2,366,000	2.50%	2.17%	0.42%	0.41%
Total	**230.00**	**54,420,000**	**57.44%**	**49.95%**	**9.59%**	**9.36%**

Note:

1. To be converted to Hong Kong dollars based on the exchange rate disclosed in this Prospectus.

The following information about the Cornerstone Investors was provided to the Company by the Cornerstone Investors in relation to the Cornerstone Placing.

1. LAV

LAV Star Limited is wholly-owned by LAV Fund VI, L.P. and LAV Star Opportunities Limited is wholly-owned by LAV Fund VI Opportunities, L.P (together with LAV Fund VI, L.P., collectively, the "**LAV Fund VI**"). LAV Fund VI are Cayman exempted limited partnerships. The general partner of LAV Fund VI, L.P. and LAV Fund VI Opportunities, L.P. are LAV GP VI, L.P. and LAV GP VI Opportunities, L.P., respectively. The general partner of LAV GP VI, L.P. and LAV GP VI Opportunities, L.P. are LAV Corporate GP VI, Ltd and LAV Corporate VI GP Opportunities, Ltd, respectively. LAV Fund VI are the investment arm of LAV Group (the "**LAV**"). LAV is an Asia-based life science investment firm with portfolios covering all major sectors of the biomedical and healthcare industry including biopharmaceuticals, medical devices, diagnostics and healthcare services. LAV is managed by a team of professionals with substantial biomedical domain expertise, as well as extensive investing experiences.

LAV Star Limited and LAV Star Opportunities Limited are associated with LAV Biosciences Fund V, L.P. (the "**LAV Fund V**"), an existing Shareholder of our Company. Both LAV Fund V and LAV Fund VI are discretionary funds, which are ultimately controlled by Dr. Yi Shi.

In addition to the closing conditions as set out in "— Closing Conditions" below, the subscription obligation of LAV Fund VI to subscribe for the Offer Shares under the relevant Cornerstone Investment Agreement is subject to that the respective representations, warranties, undertakings and confirmations of our Company under the Cornerstone Investment Agreement are (as of the date of the Cornerstone Investment Agreement) and will be (as of the Listing Date) accurate and true in all material respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of our Company.

2. NCCM

New China Capital Management Limited ("**NCCM**"), in its capacity as investment manager acting as agent on behalf of its discretionary account, has agreed to subscribe for the Shares of our Company. NCCM was incorporated in Hong Kong with limited liability. NCCM is licensed with the Hong Kong Securities and Futures Commission to carry on business in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. NCCM is wholly-owned by New China Capital International Management Limited, whose largest shareholder is New China Asset Management (Hong Kong) Limited, which is in turn ultimately wholly-owned by New China Life Insurance Co., Ltd., a company incorporated in the PRC and listed on the Stock Exchange (Stock Code: 01336). Approval of the shareholders of New China Insurance Co., Ltd. or the Stock Exchange is not required for the subscription for the Offer Shares pursuant to the relevant Cornerstone Investment Agreement.

3. CloudAlpha

CloudAlpha Master Fund ("**CloudAlpha**") is a leading global technology fund focusing on technology opportunities in Greater China and overseas. It typically invests in the disruptive leaders in TMT space. CloudAlpha was incorporated in 2014 and has an AUM of approximately more than US$1 billion. It is managed by CloudAlpha Capital Management Limited, which is a Hong Kong based asset manager licensed to carry out Type 9 (asset management) regulated activities under the SFO. CloudAlpha is widely held by more than 100 investors across the globe, including institutional clients, family offices, high net wealth individuals, etc.

4. Foresight

Foresight Orient Global Superior Choice SPC – Global Superior Choice Fund 1 SP ("**GSC Fund 1**") and Foresight Orient Global Superior Choice SPC – Vision Fund 1 SP ("**Vision Fund 1**"), together with GSC Fund 1, the "**Funds**") are both sub-funds of Foresight Orient Global Superior Choice SPC, which was incorporated in the Cayman Islands. GSC Fund 1 has an AUM of approximately HK$2.1 billion and Vision Fund 1 has an AUM of approximately HK$2.4 billion. The Funds are managed in full discretion by Orient Asset Management (Hong Kong) Limited, a subsidiary of Orient Securities International Financial Group Limited, and a corporation licensed to carry out Type 9 (asset management) regulated activities under the SFO. Orient Securities International Financial Group Limited is a subsidiary of Orient Finance Holdings (Hong Kong) Limited. The latter is a wholly-owned subsidiary of 東方證券股份有限公司 ("**DFZQ**"), which is listed on the Stock Exchange (Stock Code: 3958) and Shanghai Stock Exchange (Stock Code: 600958). Approval of the shareholders of DFZQ, the Stock Exchange or the Shanghai Stock Exchange is not required for the subscription by the Funds for the Offer Shares. Foresight Fund Management Co., Ltd. ("**Foresight**") is the investment advisor of the Funds. Foresight is a Shanghai-based asset management company and was founded by Mr. Chen Guangming (陳光明). Investors of the Funds include more than 80 high net-worth individual investors and institutional investors.

5. WT

WT Asset Management Limited ("**WT**") is a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on type 9 (asset management) regulated activity. WT is beneficially owned as to 100% by Mr. Tongshu Wang, who is an independent third party. WT has agreed to procure certain investors, namely WT China Fund Limited and/or WT China Focus Fund (the "**WT Funds**"), that WT has discretionary investment management power over, to subscribe for such number of the Investor Shares. The WT Funds are managed by WT as investment manager. The WT Funds pursue to achieve absolute return and long-term capital appreciation by investing primarily in the listed securities of companies which have great exposure or material impact by the Greater China region (which includes the PRC, Hong

Kong, Macau and Taiwan). Investors of the WT Funds include but are not limited to pension funds, sovereign wealth funds, fund of funds, family offices and other sophisticated institutional investors. As of March 31, 2021, the total AUM of the WT Funds is approximately US$3.45 billion.

6. GF Fund

GF Fund Management Co., Ltd., ("**GF Fund**") headquartered in Guangzhou, was established in August 2003 upon approval of CSRC with registered capital of RMB140,978,000 funded by a group of reputable institutional investors. The AUM of GF Fund is over RMB1,000 billion. GF Fund has been granted with requisite licenses to provide comprehensive services in asset management containing mutual funds, specific customers' assets management (Discretionary Account), securities investment advisory, Qualified Domestic Institutional Investor (QDII) programs, insurance funds entrusted management and social security funds in the PRC. The controlling shareholder of GF Fund, GF Securities Co., Ltd., which is listed on the Stock Exchange (Stock Code: 1776) and the Shenzhen Stock Exchange (Stock Code: 000776). Approval of the shareholders of GF Securities Co., Ltd., the Stock Exchange and the Shenzhen Stock Exchange is not required for the subscription for the Offer Shares pursuant to the relevant Cornerstone Investment Agreement.

7. Dymon Asia

Dymon Asia Capital (Singapore) Pte. Ltd. ("**Dymon Asia**"), co-founded in 2008 by Danny Yong and Keith Tan, is a leading Asia-focused alternative investment management firm. The firm is headquartered in Singapore with an affiliate in Hong Kong that is regulated by the Hong Kong Securities and Futures Commission. Dymon Asia is licensed by the Monetary Authority of Singapore and has a Capital Markets Services Licence. It is also registered with the United States Commodity and Futures Trading Commission as a commodity pool operator, and is an exempt reporting adviser with the Securities and Exchange Commission. The flagship product is the Dymon Asia Multi-Strategy Investment Master Fund ("**MSIMF**"), an investment fund established in the Cayman Islands. MSIMF is a multi-manager, multi-asset class fund which seeks to generate absolute consistent uncorrelated returns with minimal volatility. Asset classes traded are: FX, Fixed Income/Rates, Equities, Credit and Commodities. As of March 31, 2021, MSIMF has an AUM of approximately US$2.29 billion. Dymon Asia, which is majority-owned by partners, is led by an experienced management team who have been investing in Asia since the mid-1990s. Dymon Asia is controlled by Dymon Asia Capital Ltd ("**DACL**") and Danny Yong and Keith Tan each holds more than 10% interests in the same. The firm's objective is to achieve superior risk-adjusted returns for its clients.

8. IvyRock

IvyRock Asset Management (HK) Limited ("**IvyRock**") was incorporated in Hong Kong in 2009 and licensed by the SFC to carry out type 9 (asset management) regulated activity in 2014. The firm is fully owned by IvyRock Asset Management (Cayman) Limited, which in turn is wholly owned by Gold Stand Goal Limited, whose ultimate beneficial owner is Mr. Yong HUANG. IvyRock provides discretionary investment management services for three investment vehicles, which are Ivyrock China Focus Fund, IvyRock China Equity Fund, and Asia Series 6, an institutional separately managed account. Ivyrock China Focus Fund and IvyRock China Equity Fund are managed by IvyRock as discretionary investment manager, and Asia Series 6 is managed by IvyRock as its discretionary asset manager. Ivyrock China Focus Fund, IvyRock China Equity Fund, and Asia Series 6 pursue to achieve long-term capital appreciation by investing primarily in the listed securities of companies which have great exposure to the Greater China region with a fundamentals-driven approach. The AUM of Ivyrock China Focus Fund, IvyRock China Equity Fund, and Asia Series 6 is approximately US$1 billion.

9. China Southern

China Southern Asset Management Co., Ltd. (南方基金管理有限公司) was established in the PRC on March 6, 1998 approved by the CSRC and was converted into a joint stock limited company under the name of China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司) ("**China Southern**") on January 4, 2018. China Southern is headquartered in Shenzhen. As of March 31, 2021, China Southern had a total amount of assets under management ("**AUM**") of RMB1,434.9 billion on a consolidated basis, with China Southern itself having a total AUM of RMB1,297.2 billion, among the largest in the industry. China Southern manages 242 mutual funds with a total AUM of RMB885.7 billion and serves over 147 million clients. The shareholders of China Southern include (i) Huatai Securities Co., Ltd. (華泰證券股份有限公司, holding 41.16% in China Southern), which is listed on the Hong Kong Stock Exchange (Stock Code: 6886.HK), the Shanghai Stock Exchange (Stock Code: 601688.SH) and the London Stock Exchange (HTSC.UK), and (ii) Industrial Securities Co., Ltd. (興業證券股份有限公司, holding 9.15% in China Southern), which is listed on the Shanghai Stock Exchange (Stock Code: 601377.SH). Approval of the shareholders of each of Huatai Securities Co., Ltd. (華泰證券股份有限公司) and Industrial Securities Co., Ltd. (興業證券股份有限公司), the Hong Kong Stock Exchange, the Shanghai Stock Exchange or the London Stock Exchange is not required for the subscription for the Offer Shares pursuant to the relevant Cornerstone Investment Agreement.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to acquire the Offer Shares under their respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement (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 the Underwriting Agreements have not been terminated;

(ii) the Listing Committee having granted the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) 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;

(iii) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(iv) the respective representations, warranties, acknowledgements, undertakings and confirmations of each Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no breach of the Cornerstone Investment Agreements on the part of the Investors.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investor has agreed that it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have purchased pursuant to their respective Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries which will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following completion of the Global Offering.

As of the Latest Practicable Date, our authorized share capital was US$50,000 divided into 200,000,000,000 Shares of a par value of US$0.00000025 each, consisting of (i) 199,745,163,362 ordinary shares; (ii) 49,534,884 Series A Preferred Shares; (iii) 58,139,532 Series B Preferred Shares; (iv) 66,666,668 Series Pre-C Preferred Shares; (v) 31,111,110 Series C-1 Preferred Shares; (vi) 46,400,000 Series C-2 Preferred Shares; and (vii) 2,984,444 Series C+ Preferred Shares.

The Preferred Shares will be converted into the Shares on a one-to-one basis by way of re-designation before the Listing.

Assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme, the share capital of our Company immediately following completion of the Global Offering will be as follows:

Description of Shares	**Number of Shares**	**Aggregate nominal value of Shares**	**Approximate percentage of issued share capital**
		(US$)	*(%)*
Shares in issue (including the Shares upon re-designation of the Preferred Shares)	472,599,696	118.15	83.30
Shares to be issued under the Global Offering	94,747,000	23.69	16.70
Total	567,346,696	141.84	100.00

Assuming the Over-allotment Option is exercised in full and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme, the share capital of our Company immediately following completion of the Global Offering will be as follows:

Description of Shares	Number of Shares	Aggregate nominal value of Shares	Approximate percentage of issued share capital
		(US$)	*(%)*
Shares in issue (including the Shares upon re-designation of the Preferred Shares)	472,599,696	118.15	81.26
Shares to be issued under the Global Offering	108,959,000	27.24	18.74
Total	581,558,696	145.39	100.00

ASSUMPTIONS

The above tables assume that the Global Offering becomes unconditional, that Shares are issued pursuant to the Global Offering, and that the Preferred Shares are converted into the Shares on a one-to-one basis.

RANKING

The Offer Shares are Shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued (including all Preferred Shares re-designated into Shares immediately before completion of the Global Offering) and, in particular, will rank equally for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this Prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Articles of Association, our Company may from time to time by ordinary resolution of Shareholders: (i) increase its share capital; (ii) consolidate and divide its share capital into Shares of larger amount; (iii) divide its Shares into several classes; and (iv) cancel any Shares which have not been taken or agreed to be taken. In addition, our Company may, subject to the provisions of the Cayman Companies Act, reduce its share capital or capital redemption reserve by its Shareholders passing a special resolution. See the section headed "Summary of the Constitution of our Company and Cayman Companies Act — Summary of the Constitution of our Company — 2. Articles of Association 2.5 Alteration of capital" in this Prospectus for further details.

2019 EQUITY INCENTIVE PLAN

We adopted the 2019 Equity Incentive Plan. For further details, please see the section headed "Statutory and General Information — D. 2019 Equity Incentive Plan" in this Prospectus.

POST-IPO RSU SCHEME

We adopted the Post-IPO RSU Scheme. For further details, please see the section headed "Statutory and General Information — E. Post-IPO RSU Scheme" in this Prospectus.

POST-IPO SHARE OPTION SCHEME

We adopted the Post-IPO Share Option Scheme. For further details, please see the section headed "Statutory and General Information — F. Post-IPO Share Option Scheme" in this Prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering; and

- the aggregate nominal value of the Shares repurchased by us under the authority referred to in the sub-section headed "General Mandate to Repurchase Shares" in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company;

- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or

- the time when it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

See the section headed "Statutory and General Information — A. Further Information about our Group — 4. Resolutions of our Shareholders" in this Prospectus for further details of the general mandate to allot, issue and deal with Shares.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with nominal value of up to 10% of the aggregate nominal value of our Shares in issue immediately following completion of the Global Offering.

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — A. Further Information about our Group — 5. Repurchase of our Own Securities" in this Prospectus.

The general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company;
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or
- the time when it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

See the section headed "Statutory and General Information — A. Further Information about our Group — 4. Resolutions of our Shareholders" in this Prospectus for further details of the general mandate to repurchase Shares.

OVERVIEW

As of the Latest Practicable Date, (i) Dr. Li, Mr. Guo Bingsen, Dr. Wang, Mr. Guo Huaqing and Mr. Chen, through their respective wholly owned intermediary entities, namely CART Biotech, Redelle Holding, He Xi Holdings, Candock Holdings and Accure Biotech (collectively the "**Intermediary Shareholders**"), respectively hold 69%, 10.2%, 10%, 10% and 0.8% of the issued share capital of YIJIE Biotech (BVI), which is in turn interested in and control approximately 41.93% of the total issued shares of our Company; (ii) Ms. Yang Xuehong, the wife of Mr. Guo Bingsen, our non-executive Director, is the sole shareholder of Yeed Holdings, which is in turn interested in and control approximately 1.88% of the total issued shares of our Company; and (iii) Ms. Guo Xiaojing, the daughter of Mr. Guo Bingsen, is the general partner of Quanzhou Dingwo (LP), which is in turn interested in and control approximately 1.18% of the total issued shares of our Company. On February 22, 2021, Dr. Li, Mr. Guo Bingsen, Dr. Wang. Mr. Guo Huaqing, Mr. Chen, the Intermediary Shareholders, YIJIE Biotech (BVI), Ms. Yang Xuehong, Yeed Holdings, Ms. Guo Xiaojing and Quanzhou Dingwo (LP) entered into the Concert Party Agreement, pursuant to which the aforementioned parties confirmed that they had been acting in concert historically and agreed that they would vote in agreement with each other in Directors' meetings, shareholders' meetings and on matters requiring shareholders' approval. Therefore, as of the Latest Practicable Date, Dr. Li, Mr. Guo Bingsen, Dr. Wang. Mr. Guo Huaqing, Mr. Chen, the Intermediary Shareholders, YIJIE Biotech (BVI), Ms. Yang Xuehong, Yeed Holdings, Ms. GUO Xiaojing and Quanzhou Dingwo (LP) form a group of Controlling Shareholders who are interested in and control approximately 44.98% of the total issued share capital of our Company. Immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme), our Controlling Shareholders will be interested in and control approximately 37.47% of the issued share capital of our Company and will remain as our Controlling Shareholders.

INDEPENDENCE OF OUR BUSINESS

We believe that we are capable of carrying out our business independently of our Controlling Shareholders and their close associates after the Listing for the reasons set out below.

Management Independence

Upon the Listing, our Board will consist of two executive Directors, four non-executive Directors and three independent non-executive Directors, and our senior management team comprises eight members.

The executive Directors and the senior management team are responsible for the day-to-day management of our operations. Notwithstanding the roles of our Controlling Shareholders, our Directors are of the view that our Company is able to function independently from our Controlling Shareholders for the following reasons:

(i) two of the non-executive Directors and all three independent non-executive Directors are independent of our Controlling Shareholders and decisions of the Board require the approval of a majority vote from the Board;

(ii) we have appointed three independent non-executive Directors, comprising one-third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors with a view to promote the interests of our Company and the Shareholders as a whole;

(iii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions;

(iv) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director is obliged to declare and fully disclose such potential conflict of interests and shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum; and

(v) each of our Directors is aware of his fiduciary duties and responsibilities under the Listing Rules as a director, which require that he or she acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interests.

Based on the above, our Directors believe that our Board and senior management as a whole are able to play a managerial role in our Company independently from our Controlling Shareholders and their close associates after the Listing.

Operational Independence

Our Group is not operationally dependent on our Controlling Shareholders. Our Company (through our subsidiaries and Consolidated Affiliated Entities) holds all relevant licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers.

In addition, pursuant to the Contractual Arrangements, our Directors are authorized to exercise all of the rights of the Registered Shareholder. Our Group is entitled to enjoy all the economic benefits of our Consolidated Affiliated Entities and to exercise management control

over its operations. Pursuant to the Exclusive Option Agreements, our Company, through its indirectly wholly-owned subsidiary, CARsgen Life Sciences, has been granted an irrevocable and exclusive right to purchase 100% equity interest of CARsgen Therapeutics and assets which are not owned by our Group for a nominal price, unless a higher minimum purchase price is required under the PRC laws and regulations. In addition, pursuant to the Exclusive Business Cooperation Agreements, our Company, through CARsgen Life Sciences, has the exclusive and proprietary rights to all intellectual properties developed by CARsgen Therapeutics.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

Financial Independence

Our Group has its own independent financial, internal control and accounting systems. We make financial decisions and determine our use of funds according to our own business needs. We have opened accounts with banks independently and do not share any bank account with our Controlling Shareholders. We have made tax filings and paid tax independently of our Controlling Shareholders pursuant to applicable laws and regulations. We have established an independent finance department as well as implemented sound and independent audit, accounting and financial management systems. We have adequate internal resources to support our daily operation. We do not expect to rely on our Controlling Shareholders or any of their close associates for financing after the Listing as we expect that our working capital will be funded by the Pre-IPO Investors' investments as well as the proceeds from the Global Offering.

As of the Latest Practicable Date, there was no outstanding loan extended by our Controlling Shareholders or their close associates to us and no guarantee has been provided for our benefit by our Controlling Shareholders or any of their close associates.

Based on the above, our Directors consider that there is no financial dependence on our Controlling Shareholders or any of their close associates.

COMPETITION

Save and except for the interests of our Controlling Shareholders in our Company, its subsidiaries and the Consolidated Affiliated Entities, our Controlling Shareholders, their close associates and our Directors do not have any interest in any business, other than our Group, which competes or is likely to compete, either directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code which sets out principles of good corporate governance in relation to, among other matters, directors, the chairman and chief executive officer, board composition, the appointment, re-election and

removal of directors, their responsibilities and remuneration and communications with shareholders, except for code provision A.2.1 of the Corporate Governance Code, details of which are set out in "Directors and Senior Management – Corporate Governance – Corporate Governance Code" in this Prospectus.

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We have adopted the following corporate governance measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(i) our Company has established internal control mechanisms to identify connected transactions. Upon Listing, if our Group enters into connected transactions with our Controlling Shareholders or his close associates, our Company will comply with the applicable requirements under the Listing Rules;

(ii) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their close associates has any material interest, our Controlling Shareholders and their close associates (as applicable) will not vote on the resolutions and shall not be counted in the quorum for the voting;

(iii) our Board consists of a balanced composition of executive, non-executive and independent non-executive Directors, with not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(iv) where the advice from an independent professional, such as a financial or legal adviser, is reasonably requested by our Directors (including the independent non-executive Directors), the appointment of such an independent professional will be made at our Company's expenses; and

(v) we have appointed Guotai Junan Capital Limited as the Compliance Adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance matters.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflict of interests between our Group and our Controlling Shareholders and to protect our minority Shareholders' rights after the Listing.

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountant's Report in Appendix I to this Prospectus. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this Prospectus, including those set forth under the sections headed "Risk Factors" and under "Forward-Looking Statements" in this Prospectus.

OVERVIEW

We are a biopharmaceutical company with operations in China and the U.S. focused on innovative CAR-T cell therapies for the treatment of hematological malignancies and solid tumors. We have internally developed novel technologies and a product pipeline with global rights to address major challenges of CAR-T cell therapies, such as improving the safety profile, enhancing the efficacy in treating solid tumors and reducing treatment costs. Our vision is to become a global biopharmaceutical leader that brings innovative and differentiated cell therapies to cancer patients worldwide and makes cancer curable.

Led by an experienced management team of academic professionals and industry veterans, we have built an integrated cell therapy platform with in-house capabilities that span from target discovery, lead antibody development, clinical trials to commercial-scale manufacturing. Leveraging our platform, we have developed a differentiated pipeline of 11 product candidates including six at clinical stage. Ten of the 11 product candidates are CAR-T cell therapies, including five at clinical stage. In addition, we are exploring our proprietary allogeneic CAR-T technology, THANK-uCAR, with an aim to overcome inefficient expansion and persistence of allogeneic CAR-T cells and to generate high-quality, universal allogeneic CAR-T cell therapies that are readily available at a lower cost. Our CAR-T product candidates target both evidence-based and novel tumor-associated antigens and are carefully designed and optimized to reduce adverse events commonly associated with existing CAR-T therapies. We own global rights to our product candidates and technologies, all of which are developed by us in-house. We will continue our endeavor with our technology platforms to identify novel solid tumor-associated targets and develop potentially first-in-class or best-in-class CAR-T therapies to fulfill significant unmet medical needs.

We currently have no products approved for commercial sale and have not generated any revenue from product sales. We have never been profitable and have incurred operating losses in every year since inception, with losses of RMB227.4 million and RMB327.0 million for the years ended December 31, 2019 and 2020, respectively. Substantially all of our operating losses resulted from research and development expenses and administrative expenses.

We expect to incur significant expenses, in particular increasing research and development expenses and administrative expenses, and operating losses for at least the next several years as we further our pre-clinical research and development efforts, continue the clinical development of, and seek regulatory approval for, our product candidates, launch commercialization of our pipeline products, and add personnel necessary to operate our business. Subsequent to the Listing, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our product candidates, regulatory approval timeline and commercialization of our product candidates after approval.

BASIS OF PREPARATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on February 9, 2018. Our Company, as the holding company of our business, indirectly controls subsidiaries in China that are primarily engaged in discovering, developing and commercializing innovative cell therapies in China and the U.S. For further details, please see the section headed "History, Development and Corporate Structure" in this Prospectus.

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by International Accounting Standards Board (the "**IASB**").

The consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of financial liabilities at fair value through profit or loss, which are carried at fair value. The consolidated financial information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Adoption of IFRS 9, IFRS 15 and IFRS 16

IFRS 9 "Financial instruments" ("**IFRS 9**"), IFRS 15 "Revenue from Contracts with Customers" ("**IFRS 15**") and IFRS 16, "Leases" ("**IFRS 16**") have been adopted and applied consistently in our consolidated financial information since the beginning of, and throughout, the Track Record Period, in lieu of IAS 39 "Financial instruments: Recognition and measurement" ("**IAS 39**"), IAS 18 "Revenue" ("**IAS 18**") and IAS 17, "Leases" ("**IAS 17**"), respectively.

Contractual Arrangements

Due to the restrictions imposed by the relevant laws and regulatory regime of the PRC on foreign ownership of companies engaged in the gene therapy business carried out by subsidiaries of our Group, namely CARsgen Therapeutics and its wholly owned subsidiary CARsgen Pharmaceuticals, collectively "**CARsgen Therapeutics Entities**," CARsgen Life Sciences entered into the Contractual Arrangements with CARsgen Therapeutics and its equity holders on April 18, 2018, later amended and restated on February 2, 2021. For further details, see "Regulatory Overview" and "Contractual Arrangements" in this Prospectus.

We do not have any equity interest in CARsgen Therapeutics Entities. However, as a result of the Contractual Arrangements, we have power over CARsgen Therapeutics Entities' variable returns and have the ability to affect those returns through our power over CARsgen Therapeutics Entities; hence we are considered to have control over CARsgen Therapeutics Entities. Consequently, our Company regards CARsgen Therapeutics Entities as indirect subsidiaries for accounting purpose. Our Company consolidates the assets, liabilities, income and expenses of CARsgen Therapeutics Entities upon the execution of the Contractual Arrangements.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

Our Ability to Successfully Develop and Commercialize Our Product Candidates

Our business and results of operations depend on our ability to successfully develop, as well as our receipt of regulatory approval for and successful commercialization of, our product candidates. Leveraging our core competency in discovery, research and development of cell therapies, we have self-developed a differentiated portfolio of 11 product candidates for the treatment of both hematological malignancies and solid tumors, of which 10 are CAR-T cell therapies. Our CAR-T product candidates target both evidence-based and novel tumor-associated antigens and are carefully designed and optimized to reduce adverse events commonly associated with existing CAR-T therapies. Among our CAR-T product candidates, five are in clinical development stage targeting both hematological malignancies and solid tumors and five are in pre-clinical stage. Our Core Product Candidate, CT053, is currently in a pivotal Phase II clinical trial in China in patients with R/R MM. We are also completing a Phase Ib clinical trial in North America and communicating with the U.S. FDA regarding the initiation of the pivotal Phase II clinical trial. Meanwhile, we have multiple ongoing investigator-initiated trials and clinical trials for our other product candidates. See "Business" for more details on the development of our various product candidates. Our business and results of operations depend on our product candidates demonstrating favorable safety and efficacy clinical trial results, and our ability to obtain the requisite regulatory approvals for our drug candidates.

Although we currently do not have any product that is approved for commercial sale and have not generated any revenue from product sales, we expect to commercialize one or more of our product candidates over the coming years as they move towards the final stages of development. In particular, we expect to submit CT053's NDA to the NMPA in the first half of 2022 and launch commercialization upon approval. Once our product candidates are commercialized, our business and results of operations will be driven by the market acceptance and sales of our commercialized products and by our manufacturing capacity to meet the commercial demand. We have established our commercial manufacturing facility in Jinshan, Shanghai and plan to further expand the facility to cater to the potentially high demand for our products. Our commercialization strategy also involves building our own commercialization and distribution capabilities to cover selected Class III Grade A hospitals in China and gradually broaden our footprint in other key overseas markets. However, the commercialization may require significant marketing efforts before we are able to generate any revenue from product sales. If we fail to achieve the degree of market acceptance, we may not be able to generate revenue as expected. For more details, see "Business" and "Risk Factors — Risks Relating to Our Business — Risks Relating to Commercialization of Our Product Candidates" in this Prospectus.

Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses, administrative expenses and fair value loss of financial instruments issued to investors.

Research and development activities, such as conducting pre-clinical studies, clinical trials and activities related to regulatory filings for our product candidates, are central to our business model. In the years ended December 31, 2019 and 2020, our research and development expenses were RMB210.2 million and RMB281.8 million, respectively. Our research and development costs primarily consists of (i) testing and clinical expenses for our product candidates, including third-party contracting costs with respect to the engagement of CROs, CDMOs, clinical sites and principal investigators, as well as other expenses incurred in connection with our pre-clinical studies and clinical trials such as testing expenses; (ii) employee benefit expenses mainly relating to salaries, share-based compensation, social insurance and pension and bonus for our R&D employees, as well as directors' emoluments that are recorded under research and development expenses; (iii) expenses for procuring consumables used in the research and development of our product candidates; (iv) depreciation and amortization expenses, including depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets used for research and development purposes; (v) utilities used for research and development activities; (vi) travelling and transportation expense in relation to our research and development activities; and (vii) other expenses including short-term lease and low-value lease expenses, medical waste disposal expenses, publicity expenses and other miscellaneous expenses.

Our current research and development activities mainly relate to the pre-clinical studies and the clinical advancement of our product candidates. We expect our research and development expenses to continue to increase for the foreseeable future as our development programs progress, as we continue to support the clinical trials of our product candidates and as we move those product candidates into further clinical trials for additional indications and as potential earlier lines of treatment options.

Our administrative expenses consist primarily of employee benefit expenses mainly relating to salaries, share-based compensation, social insurance and pension and bonus for our administrative employees; professional service expenses; depreciation and amortization expenses, including depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets which were used for administrative purposes; office expenses mainly including hospitality expenses, office expenses, publicity expenses and utilities used for administrative purposes; travelling and transportation expense in relation to our administrative activities; listing expenses incurred in connection with the proposed Listing; and other administrative expenses mainly including tax and surcharges, insurance and other miscellaneous expenses. We expect our administrative expenses to increase in coming years to support our growing operations, expanding product development efforts and potential commercialization activities with respect to our product candidates when they are approved.

The fair value changes in financial instruments issued to investors, primarily consist of our Preferred Shares, is mainly associated with the changes in our Company's valuation. The financial instruments issued to investors will be automatically converted into Shares upon the Listing, which will result in a net asset position, and we will recognize no further loss or gain on fair values changes from such financial instruments issued to investors post Listing.

We expect our cost structure to evolve as we continue to develop and expand our business. As the pre-clinical studies and clinical trials of our product candidates continue to progress and as we gradually bring assets of our product pipeline to commercialization, we expect to incur additional costs in relation to our manufacturing, sales and marketing, among other things. We also anticipate increasing legal, compliance, accounting, insurance, and investor and public relations expenses associated with being a public company in Hong Kong.

Funding for Our Operations

For the years ended December 31, 2019 and 2020, we funded our operations primarily through financing in the form of preferred shares and convertible loans. Going forward, in the event of a successful commercialization of one or more of our product candidates, we expect to fund our operations in part with revenue generated from sales of our commercialized products. However, with the continuing expansion of our business and development of new product candidates and technologies, we may require further funding through public or private equity offerings, debt financing, collaboration and licensing arrangements or other sources. Any changes in our ability to fund our operations will affect our cash flow and results of operation.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that we believe to be reasonable under the circumstances.

We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial information, you should consider (i) our critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our consolidated financial information. For further details of our significant accounting policies and estimates, which are important for an understanding of our financial condition and results of operations, please see notes 2 and 4 in "Appendix I — Accountant's Report" to this Prospectus.

Significant Accounting Policies

Share-Based Payment

Equity-Settled Share-Based Payment Transactions

Our Group operate stock options granted to employees, under which we receive services from employees as consideration for equity instruments of our Group. The fair value of the employee services received in exchange for the grant of equity instruments (options) is recognized as an expense in 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; (for example, the requirement for employees to serve).

(iii) including the impact of any non-vesting conditions.

At the end of each reporting period, our Group revises our estimates of the number of options that are expected to vest based on the non-market vesting performance and service conditions. We recognize 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, our Group include 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 of 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.

Share-Based Payment Transaction among Group Entities

The grant by our Company of options over our equity instruments to the employees of subsidiaries in our 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 our Company.

Subsidiaries

Consolidation

We apply the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by our Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date.

We recognize any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests entitling their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their fair value on the acquisition date, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value on the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by our Group is recognized at fair value on the acquisition date. Subsequent changes to the fair value of the contingent consideration deemed to be asset or liability are recognized in profit or loss. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is recorded as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit or loss.

Intra-group 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. When necessary, amounts reported by subsidiaries may have to be adjusted to conform with our accounting policies.

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 our 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.

Impairment of Non-Financial Assets

Intangible assets, right-of-use assets and property, and plant and equipment 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 of disposal 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 other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial Instruments Issued to Investors

Financial instruments issued to investors consist of preferred shares and convertible loans. Accounting policies and other explanatory information of these financial instruments are elaborated as follows:

(a) Preferred Shares

Before and during the Track Record Period, our Group entered into a series of share purchase agreements with financial investors and issued Series A, Series B, Series Pre-C, Series C1 and Series C2 preferred shares, respectively (collectively, "**Preferred Shares**"). Preferred Shares are redeemable upon occurrence of certain events. This instrument can be converted into ordinary shares of our Company at any time at the option of the holders or automatically converted into ordinary shares upon occurrence of an initial public offering of our Company. We designated the Preferred Shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value. Subsequent to initial recognition, the Preferred Shares are carried at fair value with changes in fair value recognized in the profit or loss. If our Company's own credit risk results in fair value changes in financial liabilities designated as of fair value through profit or loss, they are recognized in other comprehensive income.

(b) Convertible Loans

Before and during the Track Record Period, our Group issued certain convertible loans to investors. The convertible loans are non-interest bearing and are convertible into preferred shares of our Company at the option of the holders under certain conditions. Our Group designated the convertible loan as financial liabilities at fair value through profit or loss, which is initially recognized at fair value. Subsequent to initial recognition, the convertible loan is carried at fair value with changes in fair value recognized in the profit or loss. If the Company's own credit risk results in fair value changes in financial liabilities designated As of fair value through profit or loss, they are recognized in other comprehensive income.

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 our 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 the statement of profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

Building	20 years
Equipment	5-10 years
Electronic equipment	3 years
Fixture	5 years
Furniture	5-7 years
Vehicles	4 years
Leasehold improvements	Over the shorter of the lease term or the estimated usage life

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. In addition, the carrying amount of asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. Besides, gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognized as "Other gains — net" in the consolidated statements of comprehensive loss.

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.

Intangible Assets

Computer software is recognized at historical cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, which we amortized on a straight-line basis over their estimated useful lives of 3-5 years.

Patents are shown at fair value when acquired. Patents have a finite life and are carried at cost less accumulated amortization and impairment, if any. Amortization is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives of ten years.

Our Group incurs significant costs and efforts on research and development activities, which include expenditures on drug products. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred. Development costs are recognized as assets if they can be directly attributable to a newly developed drug products and all the following can be 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 cost of an internally generated intangible asset is the sum of the expenditures incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized are in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads. Our Group generally consider capitalization criteria for internally generated intangible assets is met when obtaining regulatory approval of new drug license.

Capitalized development expenditures are amortized using the straight-line method over the life of the related drug products. Amortization shall begin when the asset is available for use. Subsequent to initial recognition, internally generated intangible assets are reported as cost less accumulated amortization and accumulated impairment losses (if any).

Development expenditures not satisfying the above criteria are recognized in the profit or loss as incurred and development expenditures previously recognized as an expense are not recognized as an asset in a subsequent period.

Critical Accounting Estimates and Judgment

Contractual Arrangement

We conduct our business through CARsgen Therapeutics Entities in the PRC. Due to the regulatory restrictions on the foreign ownership of the listing business in the PRC, we do not have any legal equity interest in CARsgen Therapeutics Entities. Our Directors assessed whether or not our Group have control over CARsgen Therapeutics Entities by assessing whether we have the rights to variable returns from our involvement with CARsgen Therapeutics Entities and have the ability to affect those returns through our power over CARsgen Therapeutics Entities. After assessment, our Directors concluded that our Group have control over CARsgen Therapeutics Entities as a result of the Contractual Arrangements and accordingly the financial position and the operating results of CARsgen Therapeutics Entities are included in our Group's consolidated financial statements throughout the Track Record Period or since the respective dates of incorporation/establishment or acquisition, whichever is the shorter period. Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing our Group with direct control over CARsgen Therapeutics Entities and uncertainties presented by the PRC legal system could impede our beneficiary rights of the results, assets and liabilities of CARsgen Therapeutics Entities. Our Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements with CARsgen Therapeutics Entities and its equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

Impairment of Property, Plant and Equipment

We assess impairment based on our subjective judgement 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 Group strategy might cause material impairment on assets in the future.

Useful Lives of Intangible Assets

The directors of our Company determine the estimated useful lives and the amortization method in determining the related amortization charges for its intangible assets. This estimate is reference to the useful lives of intangible assets of similar nature and functions in the industry. The directors of our Company will increase the amortization charge where useful lives are expected to be shorter than expected. As of December 31, 2019 and 2020, the carrying amounts of intangible assets were RMB28.4 million and RMB23.5 million respectively as disclosed in Note 15 in Appendix I to this Prospectus.

Estimation of Fair Value of Financial Instruments Issued to Investors

Financial instruments issued to investors by our Group 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 our Group and the equity allocation model was adopted to determine the fair value of the financial instruments. Key assumptions, such as discount rate, risk-free interest rate and volatility are disclosed in Note 28 in Appendix I to this Prospectus.

Details of the fair value measurement of financial liabilities, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value are disclosed in Note 28 of the Accountant's Report in Appendix I to this Prospectus which was issued by the Reporting Accountant in accordance with "Hong Kong Standard on Investment Circular Reporting Engagement 200" and "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. The Reporting Accountant's opinion on the Historical Financial Information, as a whole, of the Group for the Track Record Period is set out on page 2 of Appendix I to this Prospectus.

In respect of the valuation of the our Level 3 financial instruments, our management carried out independent due diligence procedures including (i) took all reasonable steps to verify the accuracy and reasonableness of material information that is likely to affect the valuation of the financial liabilities, including financial forecasts, business plans and assumptions; (ii) considered the need for a valuation by a professional valuer of the financial liabilities; (iii) considered the scope of the valuer's mandate to ensure that the valuation report would be relevant and useful in aiding the Directors to determine the fair and reasonable offer price for the financial liabilities and the Directors can reasonably rely on the valuation; (iv) provided a valuer with all relevant information that is likely to affect the valuation; and (v) reviewed the valuer's valuation analysis and results and relied on valuation only if it is reasonable to do so under the circumstances. Based on the procedures, our management is satisfied that the valuation is considered reasonable, and our financial statements are properly prepared.

In relation to the fair value assessment of the financial liabilities and assets requiring level 3 measurements under the fair value classification, the Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) reviewing relevant notes in the Accountant's Report as contained in Appendix I to this Prospectus; (ii) obtaining and reviewing the relevant agreements regarding the financial liabilities and assets; and (iii) discussing with the Company, the Reporting Accountant and the valuer the key basis and assumptions for the valuation of the financial instruments. Having considered the work done

by the Company's management, the Directors and the Reporting Accountant, and the relevant due diligence done as stated above, nothing material has come to the Joint Sponsors' attention that indicates that the Directors have not undertaken independent and sufficient investigation and due diligence, or that the Directors' reliance on the work products of the independent valuer is unreasonable or excessive.

Capitalization of Research and Development Expenses

Development costs incurred on our drug product pipelines are capitalized 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 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 judgement 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.

Deferred Tax Asset

We recognize deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred tax assets mainly involves our management's judgements and estimations about the timing and the amount of taxable profits of the companies who had tax losses. During the Track Record Period, deferred tax assets have not been recognized in respect of these accumulated tax losses and other deductible temporary differences based on the fact that there were several drug candidates of our Group and most of them were in earlier research and development stage and the future taxable profits would be uncertain.

DESCRIPTION OF SELECTED COMPONENTS OF STATEMENTS OF PROFIT OR LOSS

The following table sets forth selected components of our consolidated statements of comprehensive loss for the periods indicated derived from our consolidated statements of comprehensive loss set out in the Accountant's Report included in Appendix I to this Prospectus.

	Year ended December 31,	
	2019	**2020**
	(RMB in thousands)	
Research and development expenses	(210,201)	(281,752)
Administrative expenses	(32,004)	(76,893)
Other income	13,328	9,977
Other gains – net	1,477	21,623
Operating loss	**(227,400)**	**(327,045)**
Finance income	1,429	763
Finance costs	(887)	(13,480)
Finance income/(costs) – net	542	(12,717)
Fair value loss of financial instruments issued to investors	(38,275)	(724,287)
Loss before income tax	**(265,133)**	**(1,064,049)**
Income tax expense	–	–
Loss for the year and attribute to the equity holders of the Company	**(265,133)**	**(1,064,049)**

Research and Development Expenses

Our research and development expenses primarily consist of (i) testing and clinical expenses for our product candidates, including third-party contracting costs with respect to the engagement of CROs, CDMOs, clinical sites and principal investigators, as well as other expenses incurred in connection with our pre-clinical studies and clinical trials such as testing expenses; (ii) employee benefit expenses mainly relating to salaries, share-based compensation, social insurance and pension and bonus for our R&D employees, as well as directors' emoluments that are recorded under research and development expenses; (iii) expenses for procuring consumables used in the research and development of our product candidates; (iv) depreciation and amortization expenses, including depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets

used for research and development purposes; (v) utilities used for research and development activities; (vi) travelling and transportation expense in relation to our research and development activities; and (vii) other expenses including short-term lease and low-value lease expenses, medical waste disposal expenses, publicity expenses and other miscellaneous expenses.

The table below sets forth a breakdown of our research and development expenses for the years ended December 31, 2019 and 2020.

	Year ended December 31,	
	2019	**2020**
	(RMB in thousands)	
Testing and clinical expenses	105,022	124,269
Employee benefit expenses	57,821	76,717
R&D consumables	17,876	30,240
Depreciation and amortization expenses	17,965	38,443
Utilities	4,123	9,436
Travelling and transportation expense	3,010	1,668
Others	4,384	979
Total	**210,201**	**281,752**

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses mainly relating to salaries, shared-based compensation, social insurance and pension and bonus for our administrative employees; (ii) professional service expenses mainly including (a) legal and financial advisor fees in connection with our issuance of financial instruments to investors, (b) audit fees, (c) consulting fees incurred in connection with our share-based compensation plan, and (d) other professional services expenses such as background due diligence fees in connection with our Series C financing and fees for headhunting services; (iii) depreciation and amortization expenses, including depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets which were used for administrative purpose; (iv) office expenses mainly including hospitality expenses, office expenses, publicity expenses and utilities used for administrative purposes; (v) travelling and transportation expense in relation to our administrative activities; (vi) listing expenses incurred in connection with the proposed Listing; and (vii) other administrative expenses mainly including tax and surcharges, insurance and other miscellaneous expenses.

The table below sets forth a breakdown of our administrative expenses for the years ended December 31, 2019 and 2020.

	Year ended December 31,	
	2019	**2020**
	(RMB in thousands)	
Employee benefit expenses	21,648	20,427
Professional service expenses	1,389	35,121
Depreciation and amortization expenses	1,604	1,666
Office expenses and utilities	3,705	7,530
Travelling and transportation expense	402	405
Listing expenses	–	4,323
Others	3,256	7,421
Total	**32,004**	**76,893**

Other Income

During the Track Record Period, our other income primarily consisted of government grants and interest income from financial assets. Government grants mainly represent government subsidies from government authorities for the purpose of compensating us for the costs in relation to our research and development activities, clinical trials and construction of our development and production facilities, and they were recognized upon the compliance with the attached conditions. The establishment of the incentive programs and grant of such subsidies are subject to the government's discretion and the receipt of such subsidies is thus unpredictable. Interest income from financial assets is interest income from fixed rate financial assets.

The following table sets forth a breakdown of our other income for the years ended December 31, 2019 and 2020.

	Year ended December 31,	
	2019	**2020**
	(RMB in thousands)	
Government grants	11,844	9,977
Interest income from financial assets	1,482	–
Others	2	–
	13,328	**9,977**

Other Gains — Net

Other gains — net includes net foreign exchange gain and others. The following table sets forth a breakdown of our other gains, net for the years ended December 31, 2019 and 2020.

	Year ended December 31,	
	2019	**2020**
	(RMB in thousands)	
Net foreign exchange gain	1,452	21,623
Others	25	–
Total	**1,477**	**21,623**

During the Track Record Period, net foreign exchange gain mainly represents the exchange differences of certain balances, including cash and cash equivalents, intercompany receivables and payables denominated in non-functional currency of the companies within the Group, resulted from fluctuations in exchange rate.

Finance Income

Our finance income consists of interest income on bank deposits. For the years ended December 31, 2019 and 2020, our finance income was RMB1.4 million and RMB0.8 million, respectively.

Finance Costs

Our finance costs consist of interest expense on loans with conversion option, bank borrowings and lease liabilities. The table below sets forth a breakdown of our finance costs for the years ended December 31, 2019 and 2020.

	Year ended December 31,	
	2019	**2020**
	(RMB in thousands)	
Interest expense on loans with conversion option	–	(10,095)
Interest expense on bank borrowings	(421)	(3,009)
Interest expense on lease liabilities	(466)	(376)
Total finance costs	**(887)**	**(13,480)**

Fair Value Loss of Financial Instruments Issued to Investors

Fair value loss of financial instruments issued to investors represent changes in fair value of the preferred shares and convertible loans issued by us. We designated the entire financial instrument issued to investors as financial liabilities at fair value through profit or loss. Any directly attributable transaction costs are recognized as finance costs in profit or loss. Subsequent to initial recognition, the fair value change of financial instruments issued to investors is recognized in profit or loss except for the portion attributable to the Company's own credit risk change which will be recognized to other comprehensive income, if any. As of December 31, 2020, there were no outstanding convertible loans and all the financial instrument issued to investors is preferred shares. Upon Listing, the preferred shares will be converted into Shares, after which we do not expect to recognize any further loss or gain on fair value changes from the financial instruments issued to investors.

We have engaged an independent appraiser to determine the fair value of the financial instruments issued to investors. The discounted cash flow method was used to determine the total equity value of the Group and then equity allocation model was adopted to determine the fair value of the financial instruments issued to investors as of the dates of issuance and at the end of each reporting period. For additional information, see Note 28 of the Accountant's Report set out in Appendix I to this Prospectus.

Income tax expense

The Group is 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 operated.

Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands. The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, and accordingly, the operating results reported by the company, is not subject to any income tax in the Cayman Islands.

Hong Kong income tax

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.

Mainland China corporate income tax

Subsidiaries in Mainland China are subject to income at a rate of 25% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), with the exception of CARsgen Therapeutics which obtained its High and New Technology Enterprises status in 2020 and hence is entitled to a preferential tax rate of 15% for a three-year period commencing 2020.

No provision for Mainland China corporate income tax was provided for, as there was no assessable profit.

The US corporate income tax

CARsgen USA, which was incorporated in Delaware, the United States in May 2016, was subject to statutory U.S. Federal corporate income tax at a rate of 21% for the years ended December 31, 2019 and 2020. CARsgen USA was also subject to the state income tax in Delaware, at a rate of 8.7%, during the Track Record Period.

No provision for US corporate income tax was provided for as there was no assessable profit.

British Virgin Islands income tax

Under the current BVI laws , our subsidiaries incorporated in the BVI and all dividends, interest, rents, royalties, compensation and other amounts paid by such subsidiaries incorporated in the BVI to persons who are not residents in the BVI and any capital gains realised with respect to any shares, debt obligations, or other securities of such subsidiaries incorporated in the BVI by persons who are not residents in the BVI are exempt from all provisions of the Income Tax Ordinance in the BVI. In addition, upon payments of dividends by our BVI subsidiaries to us, no BVI withholding tax is imposed.

During the Track Record Period, we recorded no income tax expense. This is due to the fact that our costs and expenses were significantly higher than our taxable income for those periods. Our Directors confirm that during the Track Record Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions and we are not aware of any outstanding or potential disputes with such tax authorities.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Research and Development Expenses

Research and development expenses increased by RMB71.6 million from RMB210.2 million for the year ended December 31, 2019 to RMB281.8 million for the year ended December 31, 2020, primarily due to (i) an increase in testing and clinical expenses of RMB19.2 million mainly due to the continuous clinical development of our product candidates and initiation of new clinical trials, such as the clinical trials on CT041 in China and the United States, as well as increased expenses associated with services provided by third-parties such as CROs, CDMOs and clinical sites and increased testing expenses in the United States in line with the expansion of our clinical programs; (ii) an increase in employee benefit expenses of RMB18.9 million mainly due to an increase in the number of research and development employees, as well as an increase in their compensation; (iii) an increase in depreciation and amortization expenses of RMB20.5 million mainly due to our completion of the construction of our Jinshan facility in 2019 which led to a full year of depreciation of the facility in 2020, purchase of equipment for research and development purpose, and inclusion of the depreciation of the land use right where our Jinshan facility is located in 2020; (iv) an increase in R&D consumables of RMB12.4 million primarily due to our growing research and development of product candidates; and (v) an increase in utilities of RMB5.3 million primarily attributable to the commencement of operation of our Jinshan facility; such increase was partially offset by (i) a decrease in others of RMB3.4 million primarily attributable to less in-person conferences and publicity events for our research and development activities in 2020 due to the COVID-19 outbreak; and (ii) a decrease in travelling and transportation expense of RMB1.3 million due to the reduced amount of traveling and transportation for our research and development purpose caused by the COVID-19 outbreak.

Administrative Expenses

Administrative expenses increased by RMB44.9 million from RMB32.0 million for the year ended December 31, 2019 to RMB76.9 million for the year ended December 31, 2020, primarily due to (i) an increase in professional service expenses of RMB33.7 million mainly attributable to the professional service fee we incurred in connection with the issuance of Series C1 and Series C2 Preferred Shares in 2020; (ii) an increase in listing expenses of RMB4.3 million incurred in connection with our proposed Listing; (iii) an increase in office expenses and utilities of RMB3.8 million primarily due to expanded office area and the increased number of administrative employees in 2020 and (iv) an increase of RMB4.2 million in other miscellaneous administrative expenses such as the increased intercontinental broadband and video conference expenses, as well as bank charges.

Other Income

Our other income decreased from RMB13.3 million for the year ended December 31, 2019 to RMB10.0 million for the year ended December 31, 2020, primarily due to (i) a decrease of RMB1.9 million in government grants from RMB11.9 million in 2019 to RMB10.0 million in 2020; and (ii) a decrease of RMB1.5 million in interest income from financial assets from RMB1.5 million in 2019 to nil in 2020 as a result of maturity of our fixed rate financial assets.

Other Gains — Net

Our other gains — net increased from a net gain of RMB1.5 million for the year ended December 31, 2019 to a net gain of RMB21.6 million for the year ended December 31, 2020, primarily due to the increase of net foreign exchange gain of RMB20.2 million from a net foreign exchange gain of RMB1.5 million in 2019 to a net foreign exchange gain of RMB21.6 million in 2020, attributable to the fluctuations in exchange rate which affected certain balances denominated in non-functional currency of the companies within our Group.

Finance Income

Our finance income remained relatively insignificant and decreased from RMB1.4 million for the year ended December 31, 2019 to RMB0.8 million for the year ended December 31, 2020.

Finance Costs

Our finance costs increased from RMB0.9 million for the year ended December 31, 2019 to RMB13.5 million for the year ended December 31, 2020, primarily due to the interest expenses of RMB10.1 million on loans with conversion option attributable to our issuance of RMB100.0 million loans with conversion option in 2020, as well as an increase of interest expense on bank borrowings from RMB0.4 million in 2019 to RMB3.0 million in 2020, mainly as a result of our increased bank borrowings from RMB40.5 million in 2019 to RMB80.4 million in 2020.

Fair Value Loss of Financial Instruments Issued to Investors

The fair value loss of financial instruments issued to investors increased from RMB38.3 million for the year ended December 31, 2019 to RMB724.3 million for the year ended December 31, 2020, primarily attributable to the increase in our Company's valuation which resulted in the increased fair value loss of Series A, Series B and Series Pre-C Preferred Shares in 2020 as compared to 2019.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB265.1 million for the year ended December 31, 2019 to RMB1,064.0 million for the year ended December 31, 2020.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from the Accountant's Report set out in Appendix I to this Prospectus.

	As of December 31,	
	2019	**2020**
	(RMB in thousands)	
Total non-current assets	210,811	198,056
– Property, plant and equipment	153,644	129,630
– Right-of-use assets	18,023	27,139
– Intangible assets	28,371	23,521
– Other non-current assets and prepayments	10,773	17,766
Total current assets	115,000	1,055,795
Total assets	**325,811**	**1,253,851**
Total current liabilities	1,021,370	145,231
Net current (liabilities)/assets	**(906,370)**	**910,564**
Total non-current liabilities	37,045	2,784,748
– Financial instruments issued to investors	–	2,745,584
– Borrowings	16,358	11,981
– Lease liabilities	4,968	14,016
– Deferred income	15,719	13,167
Total liabilities	**1,058,415**	**2,929,979**
Net liabilities	**(732,604)**	**(1,676,128)**
Equity		
Share capital	–	–
Reserves	26,150	146,675
Accumulated losses	(758,754)	(1,822,803)
Total equity in deficit	**(732,604)**	**(1,676,128)**

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,		As of April 30,
	2019	2020	2021
			(unaudited)
	(RMB in thousands)		
Current assets			
Other receivables	2,782	2,418	4,436
Term deposits with original maturity between three and twelve months	–	–	137,997
Other current assets and prepayments	15,742	10,408	16,178
Cash and cash equivalents	96,476	1,042,969	880,145
	115,000	**1,055,795**	**1,038,756**
Current liabilities			
Financial instruments issued to investors	937,412	–	–
Accruals and other payables	53,253	67,379	63,685
Borrowings	24,146	68,371	146,783
Lease liabilities	5,857	5,890	6,087
Deferred income	702	3,591	1,932
	1,021,370	**145,231**	**218,487**
Net current (liabilities)/assets	**(906,370)**	**910,564**	**820,269**

Our total assets increased significantly from RMB325.8 million as of December 31, 2019 to RMB1,253.9 million as of December 31, 2020, primarily due to an increase of cash and cash equivalents by RMB946.5 million from RMB96.5 million as of December 31, 2019 to RMB1,043.0 million as of December 31, 2020 primarily in connection with our issuance of Series C1 Preferred Shares at cash consideration of US$70.0 million and Series C2 Preferred Shares at cash consideration of US$116.0 million in 2020.

Our total liabilities increased significantly from RMB1,058.4 million as of December 31, 2019 to RMB2,930.0 million as of December 31, 2020, primarily because of the significant increase in financial instruments issued to investors from RMB937.4 million as of December 31, 2019 to RMB2,745.6 million as of December 31, 2020.

We incurred net current liabilities of RMB906.4 million as of December 31, 2019 and had net current assets of RMB910.6 million as of December 31, 2020, primarily attributable to (i) an increase in cash and cash equivalents of RMB946.5 million from RMB96.5 million as of December 31, 2019 to RMB1,043.0 million as of December 31, 2020, mainly as a result of our issuance of Series C1 and Series C2 Preferred Shares in 2020; and (ii) a decrease of the current portion of the financial instruments issued to investors by RMB937.4 million from RMB937.4 million as of December 31, 2019 to nil as of December 31, 2020, primarily due to the modification of terms on redemption right of Series A, Series B and Series Pre-C Preferred Shares upon the issuance of Series C1 Preferred Shares in 2020 and the corresponding reclassification of such balances from current liabilities to non-current liabilities. Our net current assets decreased to RMB820.3 million as of April 30, 2021, primarily due to (i) a decrease of cash and cash equivalents of RMB162.8 million mainly attributable to our research and development activities, and (ii) an increase of the current portion of our borrowings of RMB78.4 million, partially offset by an increase of our term deposits with original maturity between three and twelve months of RMB138.0 million.

Property, Plant and Equipment

Our property, plant and equipment primarily consist of equipment, building, electronic equipment, furniture, vehicle, fixture, leasehold improvements and construction in progress. The following table sets forth a breakdown of the net book value of our property, plant and equipment as of the dates indicated.

	As of December 31,	
	2019	**2020**
	(RMB in thousands)	
Equipment	72,467	61,248
Building	36,823	34,982
Electronic equipment	2,370	2,089
Furniture	978	762
Vehicle	214	123
Fixture	37,217	29,832
Leasehold improvements	1,734	594
Construction in progress	1,841	–
Total	**153,644**	**129,630**

Our property, plant and equipment decreased from RMB153.6 million as of December 31, 2019 to RMB129.6 million as of December 31, 2020, primarily due to the depreciation of equipment of RMB15.1 million and depreciation of fixture of RMB7.4 million in the year ended December 31, 2020.

As of December 31, 2019 and 2020, certain of our Group's buildings with carrying value of RMB36.8 million and RMB35.0 million, respectively, and land use right with carrying value of RMB7.1 million and RMB6.9 million, respectively, were pledged to secure certain bank borrowings with a principal amount of approximately RMB20.5 million and RMB16.4 million, respectively, from Shanghai Pudong Development Bank.

Right-of-Use Assets

Our right-of-use assets are primarily related to our leased land use right, offices used in our operations and dormitories for our employees. We have adopted IFRS 16 consistently throughout the Track Record Period. Our leases have been recognized in the form of an asset (for the right of use) and a financial liability (for the payment obligation) in our consolidated statements of financial position. We recognized right-of-use assets at the commencement date of the leases (i.e. the date on which the underlying assets are available for use), except for short-term leases and leases of low-value assets (being amount insignificant to our Group during the Track Record Period) which were recognized in our rental expenses.

The following table sets forth a breakdown of the net book value of our right-of-use assets as of the dates indicated.

	As of December 31,	
	2019	**2020**
	(RMB in thousands)	
Land use right	7,098	6,942
Offices and dormitories	10,925	20,197
Total	**18,023**	**27,139**

Our right-of-use assets increased from RMB18.0 million as of December 31, 2019 to RMB27.1 million as of December 31, 2020, mainly due to an increase of RMB9.3 million in offices and dormitories as a result of an increased number of offices and dormitories we leased in 2020 to support our growth, in particular in connection with the commencement of operation of our Jinshan facility, and to accommodate for the growing number of our employees.

Intangible Assets

Our intangible assets include patents and computer software related to our business operations. The following table sets forth a breakdown of the net book value of our intangible assets as of the dates indicated.

	As of December 31,	
	2019	**2020**
	(RMB in thousands)	
Patents	27,400	21,920
Computer software	971	1,601
Total	**28,371**	**23,521**

The net carrying amount of our intangible assets decreased from RMB28.4 million as of December 31, 2019 to RMB23.5 million as of December 31, 2020, primarily attributable to the amortization of our patents of RMB5.5 million in the year ended December 31, 2020.

Other Non-Current Assets and Prepayments

Other non-current assets and prepayments include value-added tax recoverable and prepayments for purchase of property, plant and equipment. The table below sets forth a breakdown of our other non-current assets.

	As of December 31,	
	2019	**2020**
	(RMB in thousands)	
Value-added tax recoverable	10,773	9,338
Prepayment for purchase of property, plant and equipment	–	8,428
Total	**10,773**	**17,766**

Value-added tax recoverable represents input VAT related to property, plant and equipment acquired and research and development expenses incurred which are expected to be recovered either through refund from tax bureaus or to be utilized in the future to offset the output VAT. The amounts that are expected to be recovered within one year is recorded as

current assets, while those that are expected to be recovered after one year is recorded as non-current assets. Prepayments for property, plant and equipment represent the advance payments we paid to suppliers for the construction of property and plant and purchase of equipment.

The amount of other non-current assets increased from RMB10.8 million as of December 31, 2019 to RMB17.8 million as of December 31, 2020, due to an increase of prepayments for purchase of property, plant and equipment from nil as of December 31, 2019 to RMB8.4 million as of December 31, 2020 primarily attributable to prepayment for purchase of equipment and other non-current assets necessary for the operation of our Jinshan facility in 2020, and partially offset by a decrease of value-added tax recoverable from RMB10.8 million as of December 31, 2019 to RMB9.3 million as of December 31, 2020.

Other Receivables

Other receivables consist of deposits and others. Deposits mainly relate to the deposits for rental properties, such as the dormitories for our employees, and for certain utilities for our Jinshan facility. Others include individual income tax paid on behalf of employees for share-based compensation to be recovered from employees. The following table sets forth other receivables as of the dates indicated.

	As of December 31,	
	2019	**2020**
	(RMB in thousands)	
Deposits	1,961	1,813
Others	821	605
Total	**2,782**	**2,418**

Other receivables remained relatively stable and insignificant at RMB2.8 million as of December 31, 2019 and RMB2.4 million as of December 31, 2020. As of April 30, 2021, approximately RMB0.7 million, or 28.9%, of other receivables as of December 31, 2020 had been subsequently settled.

Other Current Assets and Prepayments

Other current assets and prepayments include prepayments for listing expenses, prepayments to suppliers and value-added tax expected to be recovered within one year. All of the other current assets and prepayments are expected to be recovered or recognized as expense within one year. The following table sets forth other current assets and prepayments as of the dates indicated.

	As of December 31,	
	2019	**2020**
	(RMB in thousands)	
Prepayments for listing expense	–	979
Prepayments to suppliers	2,901	4,124
Value-added tax recoverable	12,841	5,305
Total	**15,742**	**10,408**

Prepayments for listing expenses are prepayments made in connection with the proposed Listing. Prepayment to suppliers mainly relate to our purchase of consumables and procurement of third-party testing services used for our research and development. Value-added tax recoverable represents input VAT related to property, plant and equipment acquired and research and development expenses incurred which are expected to be refunded from tax bureaus in the coming 12 months.

Other current assets and prepayments decreased from RMB15.7 million as of December 31, 2019 to RMB10.4 million as of December 31, 2020, primarily attributable to the decrease of value-added tax recoverable from RMB12.8 million to RMB5.3 million due to the refund of eligible value-added tax recoverable from the tax bureaus in 2020; partially offset by an increase of RMB1.2 million in prepayments to suppliers as a result of the increased third-party testing services we procured in 2020 which is in line with our expanding research and development activities, as well as an increase of RMB1.0 million in the prepayment of listing expenses in 2020.

As of April 30, 2021, approximately RMB3.4 million, or 32.7% of our other current assets and prepayments as of December 31, 2020, had been subsequently settled.

Accruals and Other Payables

Accruals and other payables mainly include accrued expenses, staff salaries and welfare payables, payables for purchase of property, plant, equipment and consumables, and listing expenses payable, among others. The table below sets forth more details of our accruals and other payables as of the dates indicated.

	As of December 31,	
	2019	**2020**
	(RMB in thousands)	
Accrued expenses	21,528	33,903
Staff salaries and welfare payables	16,343	20,825
Payables for purchase of property, plant, equipment and consumables	13,650	4,611
Listing expenses payable	–	5,190
Others	1,732	2,850
Total	**53,253**	**67,379**

Accrued expenses mainly consist of accruals for expenses in connection with third-party testing and research services and professional services. Staff salaries and welfare payables mainly include salary and other welfare payables to employees. Payables include payables for purchase of property, plant and equipment in relation to construction in progress and purchase of equipment, as well as payable for purchase of consumables for our research and development. Others include other tax payables, interest payables and other miscellaneous payables such as the social insurance contribution payable for December of the respective years.

Our accruals and other payables increased from RMB53.3 million as of December 31, 2019 to RMB67.4 million as of December 31, 2020, primarily due to (i) an increase of accrued expenses from RMB21.5 million as of December 31, 2019 to RMB33.9 million as of December 31, 2020 attributable to an increase of professional service expenses incurred in connection with our Series C financing in 2020; and (ii) an increase of staff salaries and welfare payables from RMB16.3 million as of December 31, 2019 to RMB20.8 million as of December 31, 2020 due to the increased number of employees to support our growing operations; and partially offset by a decrease of payables for purchase of property, plant, equipment and consumables from RMB13.7 million as of December 31, 2019 to RMB4.6 million as of December 31, 2020, primarily as we purchased more equipment and consumables in 2019 in connection with the commencement of operations at our Jinshan commercial manufacturing facility in 2019.

We are typically required to settle our payables for purchase of consumables within 30 days of the invoice date.

Deferred Income

Deferred income consists of government grants received but not yet recognized as income. The following table sets forth the breakdown of our deferred income on government grants as of the dates indicated.

	As of December 31,	
	2019	**2020**
	(RMB in thousands)	
Non-current	15,719	13,167
Current	702	3,591
	16,421	**16,758**

Our deferred income remained stable at RMB16.4 million as of December 31, 2019 and RMB16.8 million as of December 31, 2020.

Financial Instruments Issued to Investors

Financial instruments issued to investors represents the fair value of our Series A, Series B, Series Pre-C, Series C1 and Series C2 Preferred Shares and our convertible loans which had been fully converted to our Preferred Shares as of December 31, 2020. We recorded financial instruments issued to investors of RMB937.4 million and RMB2,745.6 million as of December 31, 2019 and 2020, respectively. For a discussion of our issuance of financial instruments to investors, see "History, Reorganization and Corporate Structure" in this Prospectus. For further information regarding our financial instruments issued to investors, see Note 28 to the Accountant's Report set out in Appendix I.

The movement of preferred shares and convertible loan for the years ended December 31, 2019 and 2020 is set forth below:

	Preferred Shares	Convertible loan	Total
	(RMB in thousands)		
On January 1, 2019	583,443	299,994	883,437
Conversion to preferred shares	289,204	(289,204)	–
Changes in fair value recognized in profit or loss	16,068	22,207	38,275
Changes in fair value recognized in other comprehensive loss	4,485	–	4,485
Currency translation difference – recognized in equity	11,215	–	11,215
On December 31, 2019	904,415	32,997	937,412
On January 1, 2020	904,415	32,997	937,412
Issuance	1,283,565	–	1,283,565
Conversion to preferred shares	32,997	(32,997)	–
Changes in fair value recognized in profit or loss	724,287	–	724,287
Changes in fair value recognized in other comprehensive loss	(34,104)	–	(34,104)
Currency translation difference – recognized in equity	(165,576)	–	(165,576)
On December 31, 2020	2,745,584	–	2,745,584

Preferred shares and convertible loan were measured at fair value. Fair value of the convertible loan listed in the above table included fair value of the loan and the attached warrants on conversion into the Company's preferred shares.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Management monitors and maintains a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations. In addition, management monitors our borrowings and, from time to time, evaluates operations to renew our borrowings upon expiry based on our actual business requirements. We rely on equity financing and debt financing as our major sources of liquidity.

During the Track Record Period, we incurred negative cash flows from operations, and substantially all of our operating cash outflows resulted from our research and development expenses and administrative expenses. Our operating activities used RMB179.0 million and RMB295.2 million for the years ended December 31, 2019 and 2020, respectively. We are currently a pre-revenue and pre-income company. We believe our pipeline products have promising global market potential in the future. We intend to continue investing in our research and development efforts and aim to obtain marketing approvals for our product candidates as soon as feasible. As we launch and commercialize our product candidates, we expect to generate operating income and improve our net operating cash outflow position.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For the year ended December 31,	
	2019	**2020**
	(in RMB thousands)	
Cash used in operating activities before changes in working capital	(207,717)	(309,364)
Changes in working capital	27,284	13,451
Interest received	1,429	763
Net cash used in operating activities	(179,004)	(295,150)
Net cash generated from/(used in) investing activities	82,985	(6,897)
Net cash generated from financing activities	27,527	1,302,473
Net (decrease)/increase in cash and cash equivalents	(68,492)	1,000,426
Cash and cash equivalents on January 1	163,553	96,476
Exchange gain/(loss) on cash and cash equivalents	1,415	(53,933)
Cash and cash equivalents on December 31	**96,476**	**1,042,969**

Net Cash Used in Operating Activities

As a biopharmaceutical company, we have incurred negative cash flows from our operations since our inception. Substantially all of our operating cash outflows resulted from our research and development expenses and administrative expenses.

In the year ended December 31, 2020, our net cash used in operating activities was RMB295.2 million, which was primarily attributable to our loss before income tax of RMB1,064.0 million, positively adjusted by fair value losses on financial instruments issued to investors of RMB724.3 million, and changes in working capital. Changes in working capital were mainly due to an increase in accruals and other payables of RMB14.7 million.

In the year ended December 31, 2019, our net cash used in operating activities was RMB179.0 million, which was primarily attributable to our loss before income tax of RMB265.1 million, positively adjusted by fair value losses on financial instruments issued to investors of RMB38.3 million and amortization of RMB10.8 million, and changes in working capital. Changes in working capital were mainly due to an increase in accruals and other payables of RMB29.6 million.

Net Cash Generated from/(Used in) Investing Activities

Our cash used in investing activities mainly reflects our cash used for our purchase of property, plant and equipment for the construction of our Jinshan manufacturing facility and to support our research and development activities.

In the year ended December 31, 2020, our net cash used in investing activities was RMB6.9 million, which was primarily attributable to payment for property, plant and equipment of RMB17.7 million and purchases of intangible assets of RMB1.0 million, partially offset by refund of input VAT recoverable related to acquisition of non-current assets of RMB11.8 million.

In the year ended December 31, 2019, our net cash generated from investing activities was RMB83.0 million, which was primarily attributable to proceeds from the disposal of financial assets of RMB170.1 million, and government grant received in relation to acquisition of non-current assets of RMB16.1 million partially offset by payment for property, plant and equipment of RMB102.6 million.

Net Cash Generated from Financing Activities

During the Track Record Period, we derived our cash inflow from financing activities primarily from proceeds from issuance of financial instruments to investors and bank borrowings.

In the year ended December 31, 2020, our net cash generated from financing activities was RMB1,302.5 million, primarily attributable to net proceeds from issuance of financial instruments to investors of RMB1,283.6 million.

In the year ended December 31, 2019, our net cash generated from financing activities was RMB27.5 million, which was primarily attributable to proceeds from bank borrowings of RMB42.5 million, partially offset by payment of lease liabilities of RMB12.3 million.

CASH OPERATING COSTS

Our cash operating costs primarily consist of research and development expenses. The following table sets forth the key information relating to cash operating costs incurred by us relating to our Core Product Candidate, CT053, and our other product candidates for the periods indicated:

	For the year ended December 31,	
	2019	**2020**
	(RMB in thousands)	
Costs Relating to Research and Development of Our Core Product Candidate – CT053		
Testing and clinical expenses	16,895	29,389
R&D consumables	1,344	7,460
Employee benefit expenses	9,655	17,833
Others	1,509	4,679
Subtotal	**29,403**	**59,361**
Cost Relating to Research and Development of Our Other Product Candidates		
Testing and clinical expenses	77,375	106,620
R&D consumables	7,142	12,449
Employee benefit expenses	45,997	58,605
Others	18,172	31,891
Subtotal	**148,686**	**209,565**
Workforce employment cost(1)	**23,160**	**22,587**
Direct production cost(2)	–	–
Product marketing(3)	–	–
Total	**201,249**	**291,513**

Notes:

(1) Workforce employment cost represents total non-R&D staff costs mainly including salaries and bonus.

(2) We had not commenced product manufacturing as of the Latest Practicable Date.

(3) We had not commenced product sales as of the Latest Practicable Date.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and bank balances and the estimated net proceeds from the Listing, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, administrative expenses and other expenses for at least the next 12 months from the date of this Prospectus.

INDEBTEDNESS

Borrowings

The following tables set forth the breakdown of our borrowings and the carrying amounts of the borrowings payable as of the dates indicated.

	As of December 31,		As of April 30,
	2019	2020	2021
			(unaudited)
	(RMB in thousands)		
Non-current			
Secured bank borrowings	16,358	11,981	10,851
Current			
Unsecured borrowings	20,000	64,000	142,355
Secured bank borrowings	4,146	4,371	4,428
Total Borrowings	**40,504**	**80,352**	**157,634**

As of December 31, 2019 and 2020 and April 30, 2021, the outstanding amount of our bank borrowings was RMB40.5 million, RMB80.4 million and RMB157.6 million, respectively. The outstanding amounts of the bank borrowings as of December 31, 2020 and April 30, 2021 were related to (i) one five-year secured bank loan with a total principal amount of RMB22.5 million at an interest rate of approximately 5.225% per annum; and (ii) unsecured borrowings. The secured bank loan was secured by our Group's buildings with the carrying value of RMB35.0 million and land use rights with the carrying value of RMB6.9 million, respectively, as of December 31, 2020.

Our bank borrowing agreements contain standard terms and conditions that are customary for commercial bank loans. Generally, the bank loan agreements we have entered into contain covenants that impose certain restrictions or maintenance requirements on the Company, our subsidiaries and/or the guarantor, including, without the lender's written consent: the borrower and/or the guarantor, as applicable, may not transfer, mortgage or pledge all or most of the material property or assets; the borrower and/or the guarantor, as applicable, may not materially change their organizational or ownership structure or ordinary business operations; and the borrower and/or the guarantor, as applicable, may not enter into agreements or incur obligations that would have a material adverse impact on their ability to fulfill their obligations under the bank loan agreement.

The bank borrowing agreements contain standard events of default such as failure to make timely repayments, material breach of covenants and/or obligations, bankruptcy or an event that has a material adverse effect. Our Directors confirm that we had no material defaults in payment of bank borrowings and had not breached any finance covenants thereunder during the Track Record Period and up to the Latest Practicable Date. Our Directors also confirm that we are not subject to other material covenants under any agreements with respect to any bank loans or other borrowings.

As of April 30, 2021 and the Latest Practicable Date, we had unutilized banking facilities of RMB25.6 million and RMB25.6 million, respectively.

Lease Liabilities

The following table sets forth the lease liabilities of our Group as of the dates indicated:

	As of December 31,		As of April 30,
	2019	**2020**	**2021**
			(unaudited)
	(RMB in thousands)		
Current portion	5,857	5,890	6,087
Non-current portion	4,968	14,016	22,243
Total	**10,825**	**19,906**	**28,330**

Except as discussed above, we had no outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of April 30, 2021, being our indebtedness statement date. After due and careful consideration, our Directors confirm that there had been no material adverse change in our indebtedness since April 30, 2021 and up to the Latest Practicable Date.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

Except as disclosed above, as of April 30, 2021, being the indebtedness date for the purpose of the indebtedness statement, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there is no material change in our indebtedness since April 30, 2021 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the period indicated:

	For the year ended December 31,	
	2019	**2020**
	(RMB in thousands)	
Purchase of property, plant and equipment	92,147	2,811
Intangible assets	818	1,008
Right-of-use assets	18,567	16,575
Total	**111,532**	**20,394**

Our historical capital expenditures during the Track Record Period primarily included expenditures associated with the purchase of property, plant and equipment which mainly consists of office furniture, equipment and improvement and the purchase of intangible assets mainly consists various office and clinical software. We funded our capital expenditure requirements during the Track Record Period mainly from equity and debt financing.

We expect that our capital expenditures in 2021 will be approximately RMB236 million in relation to, among others, the expansion of our Jinshan manufacturing facilities to improve our CAR-T manufacturing capacity and the construction of a clinical manufacturing facility in the United States to support our clinical trials. We plan to fund our planned capital expenditures using our cash at bank and the net proceeds received from the Global Offering. See "Future Plans and Use of Proceeds" in this Prospectus for more details. We may reallocate the funds to be utilized on capital expenditure based on our ongoing business needs.

COMMITMENTS

As of December 31, 2019 and 2020, we had capital commitments of approximately RMB1.2 million and RMB8.5 million, respectively. Such capital commitments are capital expenditure contracted for by us but not yet incurred as of the respective balance sheet date. They were primarily in connection with the construction of our Jinshan commercial manufacturing facility in Shanghai. As of December 31, 2019 and 2020, we also had operating lease commitments for leases not yet commenced for short-term lease and low-value lease of RMB29 thousand and RMB154 thousand, respectively, primarily in connection with dormitories for employees, as well as rental of shuttle bus.

Capital Commitments

	As of December 31,	
	2019	**2020**
	(RMB in thousands)	
Purchases of property, plant and equipment	1,239	8,471
Total	**1,239**	**8,471**

Operating Lease Commitments

	As of December 31,	
	2019	**2020**
	(RMB in thousands)	
No later than 1 year	29	154
Total	**29**	**154**

CONTINGENT LIABILITIES

As of December 31, 2019 and 2020, we did not have any material contingent liabilities. We confirm that as of the Latest Practicable Date, there have been no material changes or arrangements to our contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth the current ratio of our Group as of the dates indicated.

	As of December 31,	
	2019	**2020**
Current ratio[(1)]	0.1	7.3

Note:

(1) Current ratio is calculated using total current assets divided by total current liabilities.

The increase in current ratio was primarily due to the increase of cash and cash equivalents. The increase in cash and cash equivalents in 2020 was primarily attributable to net cash from financing activities of RMB1,302.5 million.

RELATED-PARTY TRANSACTIONS

The below table sets forth transactions between us and related parties during the Track Record Period.

	2020	
	RMB'000	*RMB'000*
	Borrowings from	*Repayment with interest*
Guo Xiaojing	50,000	55,102
Guo Huaqing	23,000	25,251
	73,000	**80,353**

	2019	
	RMB'000	*RMB'000*
	Lendings to	*Received with interest*
Dr. Li	**1,200**	**1,204**

As of December 31, 2019 and 2020, there were no outstanding balances with related parties.

We obtained borrowings of RMB73 million in total from Ms. Guo Xiaojing and Mr. Guo Huaqing in 2020 to as a one-time, temporary measure to satisfy our financing needs prior to our issuance of Series C1 and C2 Preferred Shares in 2020, which we were not able to obtain from commercial banks at the time due to timing and other considerations. We do not plan to obtain borrowings from our related parties after the Listing. For information on the projection of our financial viability, see "Summary — Summary of Key Financial Information — Summary of Our Consolidated Statements of Cash Flows."

Our Directors confirm that our material related party transactions during the Track Record Period were conducted on an arm's length basis and in aggregate would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

MARKET RISK DISCLOSURE

We are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. Our Group's risk management is predominantly controlled by the treasury department under policies approved by the Board of Directors. Our Group's treasury department identifies, evaluates and hedges financial risks in close cooperation with other operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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 the relevant group entity.

Our Group has entities operating in the United States and the PRC, and there are certain cash and cash equivalent, other receivables, trade and other payables denominated in a currency that is not the functional currency of the relevant group entity. Our Group constantly reviews the economic situation and the foreign exchange risk profile, and will consider appropriate hedging measures, as may be necessary.

As of December 31, 2019 and 2020, if the USD strengthened/weakened by 5% against the RMB with all other variables held constant, net loss for the years ended December 31, 2019 and 2020 would have been RMB3.3 million lower/higher and RMB44.2 million lower/higher, respectively.

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 the cash flow or fair value interest-rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 25 in Appendix I to this Prospectus.

If interest rates on borrowings had been 50 basis point higher with all other variables held constant, our loss would approximately increase by RMB0.2 million and RMB0.4 million for the years ended December 31, 2019 and 2020, respectively.

Credit Risk

We have no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, other receivables included in the consolidated statements of financial position represent our maximum exposure to credit risk in relation to our financial assets.

As of December 31, 2019 and 2020, cash and cash equivalents were all deposited with high quality financial institutions without significant credit risk.

Our 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. We do not expect any losses from nonperformance by the counterparties of other receivables and no loss allowance provision for other receivables was recognized.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, our policy is to regularly monitor our liquidity risk and to maintain adequate cash and cash equivalents or adjust financing arrangements to meet our liquidity requirements. We recognize 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 rather than by matching dates.

DIVIDENDS

We have never declared or paid regular cash dividends on our Shares. We currently expect to retain all future earnings for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our Memorandum and Articles and the Cayman Companies Act. The declaration and payment of any dividends in the future will be determined

by our Board of Directors, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. In addition, our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our Cayman counsel, under the Cayman Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. In light of our accumulated losses as disclosed in this Prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. We may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year.

If we pay dividends in the future, in order for us to distribute dividends to our Shareholders, we will rely to some extent on any dividends distributed by our PRC, U.S. and Irish subsidiaries. Any dividend distributions from our PRC, U.S. and Irish subsidiaries to us will be subject to withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. See "Risk Factors — Risks Relating to Doing Business in China" in this Prospectus.

DISTRIBUTABLE RESERVES

As of December 31, 2020, we did not have any distributable reserves.

LISTING EXPENSES

Listing expenses mainly comprise legal and other professional fees paid and payable to the professional parties, commissions payable to the Underwriters, and printing and other expenses for their services rendered in relation to the Listing and the Global Offering. Listing expenses for the Global Offering are estimated to be approximately HK$161.2 million (including underwriting commission, assuming an Offer Price of HK$31.20 per Share, being the mid-point of the indicative Offer Price range of HK$29.60 to HK$32.80 per Share), which represents approximately 5.5% of the gross proceeds we expect to receive from this Global Offering assuming no Shares are issued pursuant to the Over-allotment Option. No such expenses were recognized and charged to our consolidated statements of comprehensive loss for the year ended December 31, 2019, and RMB4.3 million (equivalent to HK$5.2 million) was recognized and charged to our consolidated statements of comprehensive loss for the year ended December 31, 2020. After December 31, 2020, approximately HK$38.5 million is expected to be charged to our consolidated statements of comprehensive loss, and approximately HK$117.5 million is expected to be charged against 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 STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the shareholders of the Company as of December 31, 2020 as if the Global Offering had taken place on that date.

This unaudited pro forma statement of 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 consolidated net tangible assets of the Group had the Global Offering been completed as of December 31, 2020 or at any future dates.

	Audited Consolidated Net Tangible Liabilities of the Group Attributable to Owners of the Company as of December 31, 2020	**Estimated impact to the consolidated net tangible assets upon conversion of the Series A, Series B, Series Pre-C, Series C-1 and Series C-2 Preference Shares**	**Estimated Net Proceeds from the Global Offering**	**Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Attributable to Owners of the Company as of December 31, 2020**	**Unaudited Pro Forma Adjusted Net Tangible Assets per Share**	
	Note 1	*Note 2*	*Note 3*		*Note 4*	*Note 5*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on Offer Price of HK$29.60 per Share	(1,699,649)	2,745,584	2,184,267	3,230,202	5.93	7.21
Based on Offer Price of HK$32.80 per Share	(1,699,649)	2,745,584	2,423,734	3,469,669	6.37	7.74

Notes:

1. The audited consolidated net tangible assets attributable to owners of the Company as at December 31, 2020 is extracted from the historical financial information contained in the Accountant's Report set forth in Appendix I to this Prospectus, which is based on the audited consolidated net liabilities of the Group attributable to the owners of the Company as at December 31, 2020 of approximately RMB1,676,128,000 with an adjustment for the intangible assets attributable to equity holders of the Company as at December 31, 2020 of approximately RMB23,521,000.

2. The Company's Series A Preferred Shares, Series B Preferred Shares, Series Pre-C Preferred Shares, Series C-1 Preferred Shares and Series C-2 Preferred Shares are all required to be converted into ordinary shares upon the Listing. The adjustment represents the impact of the conversion of all these preferred shares into ordinary shares, issued up to the date of this Prospectus, on the net tangible assets attributable to the equity holders. The estimated impact is RMB2,745,584,000, being the carrying amount of the Company's Series A Preferred Shares, Series B Preferred Shares, Series Pre-C Preferred Shares, Series C-1 Preferred Shares and Series C-2 Preferred Shares as of December 31, 2020.

3. The estimated net proceeds from the Global Offering are based on the Offer Price range of HK$29.60 per Share and HK$32.80 per Share, respectively after deduction of the underwriting fees and other related expenses paid/payable by the Company, excluding listing expenses of approximately RMB4,323,000 which has been accounted for in the consolidated statements of comprehensive income up to December 31, 2020. It does not take account of any Shares which may be issued upon the exercise of the Over-Allotment Option, 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 adjustments mention in note 1 to 3 and on the basis that 544,738,730 Shares (including the completion of the conversion of the preferred shares into ordinary shares as mentioned above) were in issue assuming that the Global Offering had been completed on December 31, 2020 without taking into account of the 2,984,444 Series C+ Preferred Shares issued on January 25, 2021, any Shares which may be issued upon the exercise of the Over-Allotment Option, any Shares which may be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-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, the balances stated in Renminbi are converted into Hong Kong dollars at a rate of RMB0.8228 to HK$1.00. 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 the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2020. In particular, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company does not take into account the 2,984,444 Series C+ Preferred Shares of US$10,000,000 (equivalent to approximately RMB64,536,000) issued on January 25, 2021 had such issue of Series C+ Preferred Shares been taken into account, the unaudited pro forma adjusted net tangible assets per Share would be HK$7.31 and HK$7.84, assuming the Offer Price range HK$29.60 per Share and HK$32.80 per Share respectively and on the basis that 547,723,174 shares (including the completion of the conversion of the preferred shares into ordinary shares as mentioned above) were in issue assuming that the Global Offering had been completed on December 31, 2020 without taking into account of any Shares which may be issued upon the exercise of the Over-Allotment Option, any Shares which may be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-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.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Series C+ Financing and Pre-IPO Investment by Violet Springs International Ltd and NVMB XIII Holdings Limited

On January 15, 2021, we entered into the Series C+ Preferred Share Purchase Agreement with NVMB XIII Holdings Limited ("**NVMB XIII**"), pursuant to which NVMB XIII agreed to subscribe for an aggregate of 2,984,444 Series C+ Preferred Shares issued by us at a subscription price of US$3.35 per Series C+ Preferred Share for the consideration of US$10 million, which was fully settled on January 25, 2021. NVMB XIII is ultimately managed and controlled by Hillhouse Capital Management, Ltd.

On January 14, 2021, our Company, China Medmaterial and Violet Springs International Ltd ("**Violet Springs**") entered into a share purchase agreement pursuant to which Violet Springs agreed to purchase 2,000,000 Series A Preferred Shares at a purchase price of US$2.62 per Series A Preferred Share from China Medmaterial for the consideration of US$5,235,400, which was fully settled on January 19, 2021.

On January 15, 2021, our Company, China Medmaterial and NVMB XIII entered into a share purchase agreement pursuant to which NVMB XIII agreed to purchase 7,640,178 Series A Preferred Shares at a purchase price of US$2.62 per Series A Preferred Share from China Medmaterial for the consideration of US$20 million, which was fully settled on January 22, 2021.

For additional information, see "History, Reorganization and Corporate Structures — 5. Pre-IPO Investment by Violet Springs International Ltd and NVMB XIII Holdings Limited."

Impact of the COVID-19 Outbreak

Since the end of December 2019, the outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. In response, countries across the world, including both China and the United States, have imposed widespread lockdowns, closure of work places and restrictions on mobility and travel to contain the spread of the virus. As of the Latest Practicable Date, substantially all of the Chinese cities had eased or lifted domestic travel restrictions and resumed normal social activities, work and production.

The government lockdown and other restrictive measures had resulted in significantly reduced mobility of our employees, causing most of the employees to work remotely during early phases of COVID-19 outbreak. As a result, we had implemented various precautionary measures and adjusted our employee's work arrangements according to the relevant regulations and policies, which had allowed us to maintain a sufficient number of personnel on-site who managed to work under flexible schedule to continue our research and development activities. In line with government guidelines, we have been closely tracking the health and wellness status of our employees and we routinely check their body temperature before they enter our

offices or facilities. Since the second quarter of 2020 and as of the Latest Practicable Date, all of our employees in China had resumed normal operations. Since the second half of 2020 and as of the Latest Practicable Date, substantially all of our employees in the United States had resumed normal operations. Despite the substantial number of reported COVID-19 cases in the United States, we were able to maintain operations by taking measures that the management deemed necessary to ensure the high standards of workplace safety. Such measures include leveraging virtual meetings for work, requiring employees who work on site to wear masks and obey social distancing policies, informing employees with governmental guidelines, and preparing guidance materials on COVID-19 for employees.

During the COVID-19 outbreak, we experienced some delays in the patient enrollment process and data entry for certain of our clinical trials in China and the United States, particularly at the beginning of the COVID-19 pandemic. Nonetheless, there has not been any material disruption of our ongoing clinical trials. The COVID-19 pandemic has not caused any early termination of our clinical trials or necessitated removal of any patients enrolled in the clinical trials. To manage the risks associated with the COVID-19 pandemic, we adopted various measures, such as cooperating with clinical trial sites to offer personal protection equipment such as masks to our enrolled patients, engaging in frequent communications with our principal investigators to identify and address any issues that may arise, suggesting the investigators to communicate with the enrolled patients on visiting local qualified hospitals for follow-up evaluations if necessary. To minimize the temporary impacts of the COVID-19 impact, we have mobilized internal and external resources and leveraged our strong research and development capabilities to accelerate the temporarily delayed development programs and strive to remediate the temporary disruption caused by the COVID-19 outbreak. We have not experienced and currently do not expect any material delays in regulatory affairs with respect to our clinical trials or any long-term impact on our operation or deviation from our overall development plans due to the COVID-19 pandemic.

To some extent, reduced transportations and disruption to manufacturing and logistics networks in China and the United States due to the COVID-19 outbreak affected our suppliers' abilities to manufacture and transport consumables, equipment and other supplies necessary for our operations. Nevertheless, as of the Latest Practicable Date, most of our suppliers had resumed normal operations and we had not experienced any material disruption or shortage of supplies during the COVID-19 outbreak since the outbreak of COVID-19.

As of the Latest Practicable Date, there was no suspected or confirmed active COVID-19 cases on our premises or among our employees in China or in the United States. To prevent any spread of COVID-19 in our offices and production facilities, we have implemented preventive measures such as regularly sterilizing and ventilating our offices and production facilities, checking the body temperature of our employees daily, keeping track of the travel history and health conditions of employees, and providing face masks and disinfectant to employees attending our offices and facilities.

It is uncertain when and whether COVID-19 could be contained globally. We plan to continue implementing our remedial measures and may implement additional measures as necessary to ease the impact of the COVID-19 outbreak on our operations. However, we cannot guarantee you that the COVID-19 pandemic will not further escalate or have a material adverse effect on our results of operations, financial position or prospects. For more details, please refer to the section headed "Risk Factors — Risks relating to Our General Operations — Our business operations have been adversely affected by the COVID-19 outbreak, may in the future continue to be affected by the COVID-19 outbreak, and may be affected by other health epidemics or outbreaks of contagious diseases" in this Prospectus.

U.S. – China Relationship

We had not experienced any material impact on our operations in China or in the United States arising from the U.S.-China tension, including our various research and development activities, clinical trial designs and execution, patient enrollment, data transfer, related regulatory approval processes, and ability to find alternative suppliers to source supplies to develop and manufacture our pipeline products. We also had not experienced any material impact on our suppliers during the Track Record Period due to the tension between China and the U.S. Therefore, we are of the view that the U.S.-China tension had no material impact on our business operations in the Track Record Period and up to the Latest Practicable Date. In addition, our Directors are not aware of any on-going trade-related disputes between the United States and China, any new sanctions imposed by the United States or any countermeasures imposed by China, or any expected changes in the U.S.-China policies which may materially and adversely affect our business operations and prospects. We cannot guarantee, however, that the U.S. – China tension will not escalate which may have a material adverse effect on our results of operations. For example, our potential investments and operations in the United States may be affected by heightened regulatory requirements or scrutiny if the current U.S.-China disputes continue to escalate. For additional information, see "Risk Factors — Risks Relating to Doing Business in China — Changes in international trade or investment policies and barriers to trade or investment, the ongoing conflict and trade tension between the United States and China may have an adverse effect on our business and expansion plans."

With respect to our global development plan, we plan to initiate a global, randomized Phase III clinical trial for CT053 the U.S. and certain EU and Asia-Pacific countries in 2022 and have completed the initial site and country selection in the EU. We currently do not expect a delay in the aforementioned global trial plan or any material adverse impact from the COVID-19 outbreak or Sino-foreign relationship.

No Material Adverse Change

Save for the subsequent events as described in Note 34 to the Accountant's Report in Appendix I to this Prospectus and except as otherwise disclosed in this Prospectus, 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 December 31, 2020 (being the date on which the latest consolidated financial information of our Group was prepared) and there has been no event since December 31, 2020 which would materially affect the information shown in our consolidated financial statements included in the Accountant's Report in Appendix I to this Prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

For further details of our future plans, please see the section headed "Business — Our Strategies" in this Prospectus.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering payable by us and assuming that the Over-allotment Option is not exercised and an Offer Price of HK$31.20 per Share, being the mid-point of the indicative Offer Price range stated in this Prospectus) will be approximately HK$2,795 million (US$360 million). We currently intend to apply such net proceeds for the following purposes:

We intend to use the net proceeds we will receive from this offering for the following purposes:

(i) approximately HK$838.5 million (US$108.0 million) (or approximately 30% of the net proceeds) to fund further development of our Core Product Candidate, BCMA CAR-T (CT053), which includes:

- approximately HK$111.8 million (US$14.4 million) (or approximately 4% of the net proceeds) will be used to fund the clinical and regulatory costs of CT053 in the Asia-Pacific region. We are conducting the pivotal Phase II trial in China in MM patients who have received at least three prior lines of therapies and plan to submit the NDA to the NMPA in the first half of 2022. We also plan to develop CT053 as an earlier line of treatment for MM in China, such as in MM patients who have received one to three prior lines of systemic therapy. In addition, we intend to enter into other major markets in Asia, such as Japan. For further details, please see the section headed "Business — Our Product Pipeline — Fully Human BCMA CAR-T (CT053) — Clinical Development Plan" in this Prospectus;

- approximately HK$447.2 million (US$57.6 million) (or approximately 16% of the net proceeds) will be used to fund the clinical and regulatory costs of CT053 in the United States. We are completing the Phase Ib trial and communicating with the U.S. FDA regarding the initiation of a pivotal Phase II trial. We aim to complete the Phase II trial and submit a BLA to the U.S. FDA in the first half of 2023 for CT053 to treat MM patients who have received at least three prior lines of treatment. Meanwhile, we plan to conduct a multi-center, randomized, open-label, Phase III global trial, LUMMICAR STUDY 3, in the U.S. and certain EU and Asia-Pacific countries, for patients with R/R MM who have received one to three prior lines of systemic therapies to further assess the safety and efficacy of CT053 and assess CT053 as an earlier line of treatment for R/R MM. We expect to initiate the clinical trial in 2022. For further details, please see the section headed "Business — Our Product Pipeline — Fully Human BCMA CAR-T (CT053) — Clinical Development Plan" in this Prospectus.

- approximately HK$279.5 million (US$36.0 million) (or approximately 10% of the net proceeds) will be used to fund the clinical and regulatory costs of CT053 in Europe, a major global market, as a treatment in MM patients who have received at least three prior lines of treatment. For example, we plan to include EU as part of our global LUMMICAR STUDY 3 trial which we expect to commence in 2022 to assess the safety and efficacy of CT053 and assess its potential as an earlier line of treatment for MM. For further details, please see the section headed "Business — Our Product Pipeline — Fully Human BCMA CAR-T (CT053) — Clinical Development Plan" in this Prospectus.

(ii) approximately HK$866.4 million (US$111.6 million) (or approximately 31% of the net proceeds) to fund ongoing and planned research and development of our other pipeline product candidates:

- approximately HK$475.1 million (US$61.2 million) (or approximately 17% of the net proceeds) will be invested in ongoing research and development of CT041. We anticipate to complete the Phase Ib/II trial in China in 2022, with a view to submit our NDA to the NMPA in the second half of 2022. We plan to conduct a pivotal Phase II trial in the United States and intend to submit the BLA to the U.S. FDA in 2023. We are also considering pivotal Phase II clinical trials in Canada, Europe and Asia-Pacific countries in patients with gastric/gastroesophageal junction cancer and pancreatic cancer. For example, subject to the consent by the U.S. FDA, we intend to include clinical sites in EU countries as part of our pivotal Phase II clinical trial of CT041 that we intend to initiate in 2022 to assess its safety and efficacy in patients with CLDN18.2 positive advanced gastric or pancreatic cancer. In selecting markets for CT041, we focus on factors such as the incidence of gastric cancer and pancreatic cancer in the particular markets which represent significant unmet medical needs and market potential. For further details, please see the section headed "Business — Our Product Pipeline — Humanized CLDN18.2 CAR-T (CT041) — Clinical Development Plan" in this Prospectus;

- approximately HK$251.6 million (US$32.4 million) (or approximately 9% of the net proceeds) will be invested in ongoing research and development of CT011. We expect to expand the clinical applications of CT011 and broaden its therapeutic potential in indications featuring prevalent or high expression of GPC3. Meanwhile, we intend to submit a subsequent application to the NMPA for a Phase II clinical trial of CT011 in GPC3 positive HCC patients in the second half of 2021 and initiate it upon approval. Additionally, we also plan to begin exploring clinical opportunities in other key markets such as the U.S., Europe and Japan in 2022 after the initiation of a Phase II clinical trial in China. Similar to CT041, in selecting markets for CT011, we focus on factors such as the incidence of liver cancer which represents significant unmet medical needs and market opportunity. For further details, please see the section headed "Business — Our Product Pipeline — Humanized GPC3 CAR-T (CT011) — Clinical Development Plan" in this Prospectus;

- approximately HK$139.7 million (US$18.0 million) (or approximately 5% of the net proceeds) will be invested in developing other pipeline products, which include, among others, products at clinical stage (i.e. CT032, AB011 and CT017), and candidates at pre-clinical stage (i.e. KJ-C1807, KJ-C2112, KJ-C2113, KJ-C2114 and KJ-C2111). For further details, please see the section headed "Business — Our Product Pipeline — Humanized CD19 (CT032)", "Business — Our Product Pipeline — anti-CLDN18.2 mAb (AB011)" and "Business — Our Product Pipeline — IND-Enabling or Pre-Clinical Stage Product Candidates" in this Prospectus. We also plan to further test CLDN18.2 companion diagnostic kit in clinical trials for CT041 and AB011 and expect to complete the clinical validation of the kit for CT041 by 2022 in China and by 2023 in the United States.

(iii) approximately HK$559.0 million (US$72.0 million) (or approximately 20% of the net proceeds) for developing full-scale manufacturing and commercialization capabilities:

- approximately HK$307.4 million (US$39.6 million) (or approximately 11% of the net proceeds) will be invested in further expanding our Jinshan manufacturing facility and constructing commercial manufacturing facilities in the United States to support our global strategy;

  - We plan to use HK$167.7 million (US$21.6 million) (or approximately 6% of the net proceeds) from the net proceeds from the Global Offering for the expansion of the Jinshan manufacturing facility. Under the expansion plan for our Jinshan facility, we intend to add an additional total GFA of approximately 9,600 sq.m. and bring the total annual production capacity to support CAR-T treatment for approximately 7,000 patients. We expect to commence the construction in the second half of 2021 and complete the construction by 2023.

  - We also plan to use HK$139.7 million (US$18.0 million) (or approximately 5% of the net proceeds) from the net proceeds from the Global Offering for the construction of commercial manufacturing facilities with a total GFA of approximately 10,000 sq.m in the United States, as an important step of our strategy to build a vertically-integrated set of operations globally from early research and clinical development to manufacturing and commercialization. The facility is designed to manufacture CAR-T cell product and will, consistent with our current practice, source necessary plasmids and lentiviral vectors from our end-to-end manufacturing facilities in China in order to leverage our high-volume manufacturing capacity in China, facilitate process management and control costs. We expect the CAR-T product manufacturing facility to support the treatment of 3,000-5,000 patients annually. For further details, please see the section headed "Business — Manufacturing — Our Manufacturing Facilities";

- approximately HK$251.6 million (US$32.4 million) (or approximately 9% of the net proceeds) will be invested in building up a dedicated sales and marketing team. We aim to further expand our sales and marketing team to over 70 members by the end of 2022. In China, by the end of 2022, we plan to deploy our own commercialization capabilities and cover key Class III Grade A hospitals in tier one cities and selected tier two cities across the country that are equipped to administer CT053 CAR-T cell therapy and other treatments for hematological malignancies in their hematology department. As we approach the launch of CT041 and other CAR-T product candidates for treating solid tumors, we also plan to broaden our footprint into oncology departments. We aim to establish a centralized collaborative system for standard clinical management of CAR-T therapies by forging close collaborations with local key participants such as research and clinical centers, in order to achieve a whole-process management of patients for CAR-T therapies covering prior evaluation, apheresis, pre-treatment, infusion, after-infusion monitoring and long-term followup. We also intend to build our sales and marketing force to enter the major markets, such as the United States and Europe, in order to help more patients with solid tumors or hematological malignancies with our CAR-T cell therapies. We have established our clinical development team in the United States and plan to build up our commercial team in United States and Europe to prepare for the launch of our products in those markets once approved. We adopt an open-minded approach and may collaborate with third-parties and partners when such collaborations serve our best interest. For further details, please see the section headed "Business — Commercialization."

(iv) approximately HK$279.5 million (US$36.0 million) (or approximately 10% of the net proceeds) for continued upgrading of CAR-T technologies and early-stage research and development activities. We are dedicated to enhance our portfolio of CAR-T cell therapies with a particular focus on improving the effectiveness of CAR-T therapies for the treatment of solid tumors. To that end, we plan to invest resources in technologies and activities that are compatible with our existing technological platform and align with our focus on developing more efficient and more affordable treatments for various types of hematological malignancies and solid tumors. We intend to investigate additional promising solid tumor-associated targets and enhance our CAR constructs for the development of CAR-T, as well as develop and apply our next-generation CAR-T technologies such as CycloCAR and Combo-CAR in the solid tumor setting to overcome challenges faced in treating solid tumors, such as limited CAR-T infiltration, short persistence and low efficacy of CAR-T cells. Furthermore, we will further refine our THANK-uCAR technology to develop allogeneic CAR-T cells that we believe would greatly reduce the cost of current CAR-T cell therapies. We are developing pre-clinical stage product candidates that utilize the CycloCAR and THANK-uCAR technologies, such as KJ-C1807 and KJ-C2111, respectively. We plan to further progress our studies on those product candidates and expect to submit IND applications within the next

three years. We plan to invest (i) approximately HK$139.7 million (US$18.0 million) (or approximately 5% of the net proceeds) in developing allogeneic CAR-T product candidates with our THANK-uCAR technology and (ii) approximately HK$139.7 million (US$18.0 million) (or approximately 5% of the net proceeds) in target selection, CAR construct optimization and the further development of our next-generation CAR-T product candidates. Going forward, as our business continues to grow, we plan to increase the headcount of our research and development team by approximately 30% to 50% annually in the next three years and plan to hire research and development personnel with expertise and experience in cell therapy and other areas as per our needs.

(v) approximately HK$251.6 million (US$32.4 million) (or approximately 9% of the net proceeds) will be used for our working capital and other general corporate purposes.

If the Offer Price is determined at the highest point of the stated range, the net proceeds to our Company would be increased by approximately HK$146 million. If the Offer Price is determined at the lowest point of the stated range, the net proceeds to our Company would be decreased by approximately HK$146 million. The above allocation of the net proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this Prospectus.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans, other borrowings and equity financing.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term demand deposits with licensed banks only.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

JOINT GLOBAL COORDINATORS, JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

Goldman Sachs (Asia) L.L.C.

UBS AG Hong Kong Branch

CLSA Limited

Credit Suisse (Hong Kong) Limited

UNDERWRITING

This Prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 9,475,000 Hong Kong Offer Shares and the International Offering of initially 85,272,000 International Offering Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this Prospectus as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on June 4, 2021. Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this Prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and such approval not having been subsequently revoked prior to the commencement of trading of the Shares on the Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this Prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Global Coordinators (for themselves 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:

(a) there shall develop, occur, exist or come into effect:

  (i) any or a series of local, national, regional or international event(s) or circumstance(s) in the nature of force majeure (including any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic and pandemic (including, but not limited to, Severe Acute Respiratory Syndrome (SARS), Coronavirus Disease 2019 (COVID-19), H1N1 and H5N1 and such related/mutated forms and the escalation mutation or aggravation of such diseases), or interruption or outbreak, escalation, mutation or aggravation of disease, economic sanctions, labour disputes, 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 (whether or not responsibility has been claimed) in or directly or indirectly affecting the Cayman Islands, the BVI, Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or the European Union (collectively, the "Relevant Jurisdictions"); 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 or any monetary or trading settlement system (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or directly or indirectly affecting any Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or

(iv) any general moratorium on commercial banking activities in the Cayman Islands, Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), the PRC, New York (imposed at Federal or New York State level or other competent authority), London, the PRC or any other 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 or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing Laws (as defined in the Hong Kong Underwriting Agreement), in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of sanctions, in whatever form, directly or indirectly, under any sanction Laws (as defined in the Hong Kong Underwriting Agreement), or regulations in, Hong Kong, the PRC or any other Relevant Jurisdiction; or

(vii) a change or development involving a prospective change in or affecting Taxes (as defined in the Hong Kong Underwriting Agreement) or exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies and a 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 the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(viii) any litigation or claim of any third party being threatened or instigated against any member of our Group or any Director; or

(ix) a contravention by any member of our Group or any Director of the Listing Rules or applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

(x) non-compliance of this Prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer 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

(xi) the issue or requirement to issue by our Company of any supplement or amendment to this Prospectus (or to any other documents issued or used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the SEHK and/or the SFC;

(xii) any change or development involving a prospective change in, or a materialization of, any of the risks set out in the section headed "Risk Factors" of this Prospectus; or

(xiii) termination of any cornerstone agreement or withdrawal of significant bookbuilding orders;

(xiv) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity;

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or

(2) has or will have or may 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

(3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or

(4) has or will or may have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing 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 that:

(i) any statement contained in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the formal notice, the Operative Documents (as defined in the Hong Kong Underwriting Agreement), the preliminary offering circular, the PHIP (as the defined in the Hong Kong Underwriting Agreement) 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 (collectively, the "Offer Related Documents") (including any supplement or amendment thereto, but excluding the information relating to the Joint Sponsors, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners or the Underwriters, it being understood that such information consists of only their names, logos, addresses and qualifications) was, when it was issued, or has become, untrue, incorrect in any material respect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer Related Documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material omission from any of the Offer Related Documents (including any supplement or amendment thereto); or

(iii) any material 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 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 of any of the Indemnifying Parties pursuant to the indemnities given by the Indemnifying Parties pursuant to the Hong Kong Underwriting Agreement; or

(v) any Material Adverse Change (as defined in the Hong Kong Underwriting Agreement); or

(vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the warranties pursuant to the representations, warranties, agreements and undertakings of the Warrantors as set out in the Hong Kong Underwriting Agreement; or

(vii) a Director or the chief financial officer or the chief operating officer or any member of senior management of our Company vacating his or her office; or

(viii) approval by the Listing Committee of the 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) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Option Shares (as defined in the Hong Kong Underwriting Agreement)) pursuant to the terms of the Global Offering; or

(x) our Company withdraws any of the Offer Related Documents or the Global Offering; or

(xi) any person (other than the Joint Sponsors) has withdrawn its consent to being named in this Prospectus or to the issue of any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement); or

(xii) a Director or a member of our Group's senior management as named in this Prospectus being charged with an indictable offense or prohibited by operation of Law or otherwise disqualified from taking part in the management or taking directorship of a company; or

(xiii) an authority 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 member of our Group or any Director; or

(xiv) any order or petition for the winding up or liquidation 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.

(xv) a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled.

Undertakings pursuant to the Listing Rules and the Hong Kong Underwriting Agreement

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not issue any further Shares, or securities convertible into equity securities of the Company (whether or not of a class already listed) or form the subject of any agreement to such an issue within six months from the date on which the Shares of the Company first commence dealing on the Stock Exchange (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) the issue of Shares, the listing of which has been approved by the Stock Exchange, pursuant to a share option scheme under Chapter 17 of the Listing Rules; (b) the exercise of conversion rights attaching to warrants issued as part of the initial public offering; (c) any capitalization issue, capital reduction or consolidation or sub-division of shares; (d) the issue of shares or securities pursuant to an agreement entered into before the commencement of dealing, the material terms of which have been disclosed in the Prospectus issued in connection with the initial public offering; and (e) the issue of shares pursuant to the Global Offering and the Over-Allotment Options.

Except for the offer and sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to the Over-Allotment Option), the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme), and otherwise pursuant to the Listing Rules during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**") the Company has undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong underwriters not to, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules.

(i) 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, right or contract to purchase, purchase any option or contract to sell, 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, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company, or any interests in any of the foregoing (including, 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 deposit any Shares or other securities of the Company or any Shares with a depositary in connection with the issue of depositary receipts;

(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 any interest of the Company, or any interest in any of the foregoing (including 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

(iii) enter into any transaction with the same economic effect as any transaction specified in paragraphs (i) or (ii) above; or

(iv) offer to or agree to announce, any intention to effect any transaction specified in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares, in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), the Company enters into any such transactions specified in paragraphs (i), (ii) or (iii) above or offers or agrees to, or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to the Company that except pursuant to the Global Offering and the Over-allotment Option, they shall not:

(a) in the period commencing on the date by reference to which disclosure of their shareholding in the Company is made in this Prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange (the "**First Six-Month Period**"), dispose of, enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any securities of the Company in respect of which they are shown in the Prospectus to be the beneficial owners (the "**Relevant Securities**") (save for a pledge or change of any Relevant Securities as security in favor of an authorized instruction (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan); and

(b) in the period of the following six months commencing from the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), either directly or indirectly, dispose of, enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Securities (save for a pledge or charge of Relevant Securities as security in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan), if immediately following such disposal or upon the exercise of enforcement of such options, rights, interests or encumbrances, they would cease to be controlling shareholders (as defined in the Listing Rules) of the Company.

In accordance with Note (3) to Rule 10.07 of the Listing Rules, the Controlling Shareholders have jointly and severally undertaken to the Stock Exchange and to the Company that, during the First Six-month Period and the Second Six-month Period, they shall:

(a) when they pledge and/or charge any Relevant Securities in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform the Company in writing of such pledge and/or charge together with the number of Shares so pledged and/or charged; and

(b) when they receive indications, either verbal or written, from the pledgee and/or chargee that any of the pledged and/or charged shares will be disposed of, immediately inform the Company of such indications.

Each of Dr. Li, CART Biotech, YIJIE Biotech (BVI) (together, the Warranting Shareholders) has jointly and severally undertaken to each of the Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters and the Joint Sponsors that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option and the Stock Borrowing Agreement), without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) he or it will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for him or her or it and the companies controlled by him or her or it 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 to 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 securities of the Company or any interest therein (including 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 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 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 (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 or the Second Six Month Period);

(b) it will not, during the Second Six-Month Period, enter into any of the transaction specified in (i), (ii) or (iii) above, or offer to or agrees to or announces 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 of encumbrance pursuant to such transaction, it will cease to be a "controlling shareholder" (as the term is defined in the Listing Rules) 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 (i), (ii) or (iii) above or offer 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 securities of the Company; and

(d) at any time during the First Six-Month Period and the Second Six-Month Period, it will (i) if and when it pledges or charges any Shares or other securities of the Company beneficially owned by it, immediately inform the Company and the Joint Global Coordinators in writing of such pledge or charge together with the number of Shares or other securities of the Company so pledged or charged; and (ii) if and when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of the Company will be disposed of, immediately inform the Company and the Joint Global Coordinators in writing of such indications.

Nothing in this shall prevent a Warranting Shareholder from using Shares of the Company beneficially owned by it/him as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance) for a bona fide commercial loan.

(C) Undertakings by Existing Shareholders

Without prejudice to any other lock-ups as described in this Prospectus, each of the existing Shareholders (each an "**Existing Shareholder**") has undertaken to our Company and each of the Joint Sponsors (for themselves and on behalf of each of the International Underwriters and the Hong Kong Underwriters) through lock-up undertakings which are generally similar save for certain specific circumstances that such Existing Shareholder will not and, if applicable, will procure that no company controlled by the Existing

Shareholder or any nominee or trustee holding the Shares in trust for the Existing Shareholder, as the case may be, will, at any time during the period of six months from the date on which listing and dealing in the shares of the Company first commences on the Stock Exchange (the "**Existing Shareholder Lock-up Period**"):

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, assign, 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, in any way, or create a mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind (each an "**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, in whole or in part, conditionally or unconditionally, any Shares in respect of which such Existing Shareholder is shown by this Prospectus to be the beneficial owner as at the date of the undertaking, and such Shares as may be further subscribed by such Existing Shareholder or its affiliates on or before the Listing Date (the "**Existing Shares**") or any securities or any interest in any company or entity holding any Existing Shares (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 Existing Shares or other equity securities of our Company), or deposit any Existing Shares or other equity securities of our Company, with a depositary in connection with the issue of depositary receipts;

(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 Existing Shares or other equity securities of our Company, 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 Existing Shares or other securities of our Company);

(c) enter into any transactions directly or indirectly with the same economic effect as any transaction described in (a) or (b) above; or

(d) offer to or contract to or agree to or announce any intention to effect any transaction described in (a), (b) or (c) above,

in each case, whether any such transaction described in (a), (b), (c) or (d) above is to be settled by delivery of the Existing Shares or other equity securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the Existing Shareholder Lock-up Period), provided that the above restrictions shall not prevent any Existing Shareholder from transferring all or part of the Existing Shares: (i) as may be required by applicable law or regulation or by any competent authority; (ii) with the prior written consent of our Company and the Joint Sponsors (for themselves and on behalf of each of the International Underwriters and the

Hong Kong Underwriters); or (iii) to any wholly-owned subsidiary or affiliate, as the case may be of the Existing Shareholder, provided that such wholly-owned subsidiary transferee or affiliate transferee shall be subject to the same obligations and restrictions under the undertakings provided by the Existing Shareholder.

Hong Kong Underwriters' interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the 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 respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company expects to enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offering Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See "Structure of the Global Offering — The International Offering." in this Prospectus.

Over-allotment Option

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 14,212,000 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. See "Structure of the Global Offering — Over-Allotment Option." in this Prospectus.

Commissions and Expenses

The Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

The Company may pay to each of the Joint Sponsors a discretionary incentive fee of up to but not exceeding 1% of the Offer Price for each Offer Share.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, and such commission will be paid to the relevant International Underwriters. The underwriting commission was determined between the Company and the Underwriters after arm's length negotiations with reference to current market conditions.

Assuming an Offer Price of HK$31.20 per Offer Share (which is the mid-point of the Offer Price range) and the Over-allotment Option is not exercised, 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 (collectively, the "**Commissions and Fees**") are estimated to be approximately HK$161.2 million.

Indemnity

The Company has agreed to indemnify the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

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 the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of 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 underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock 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 such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this Prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilization Manager or any person acting for it) 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) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this Prospectus.

94,747,000 Offer Shares will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 9,475,000 Shares (subject to reallocation) in Hong Kong as described in "— The Hong Kong Public Offering" in this section below; and

(b) the International Offering of initially 85,272,000 Shares (subject to reallocation and the Over-allotment Option) (i) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the sub-section headed "— The International Offering" in this section below.

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest for International Offering Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 16.7% of the total Shares in issue immediately following the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares (including Shares issued pursuant to the full exercise of the Over-allotment Option) will represent approximately 18.7% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-Allotment Option as set out in the sub-section headed "— The International Offering — Over-allotment Option" in this section below.

References in this Prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 9,475,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 1.67% of the total Shares in issue immediately following the completion of the Global Offering, assuming 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 in Hong Kong. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "— Conditions of the Global Offering" in this section.

Allocation

Allocation of Offer 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 could 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.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools: pool A comprising 4,737,500 Hong Kong Offer Shares and pool B comprising 4,737,500 Hong Kong Offer Shares. 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 an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. 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 an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 4,737,500 Hong Kong Offer Shares is liable to be rejected.

Reallocation and Clawback

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times and (c) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 28,424,500 Offer Shares (in the case of (a)), 37,899,000 Offer Shares (in the case of (b)) and 47,373,500 Offer Shares (in the case of (c)), representing approximately 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option) (the "**PN18 Clawback**"). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may in their sole discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public

Offering, the Joint Global Coordinators have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation should not be more than 18,950,000 Shares (representing approximately 20% of the Offer Shares) and the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e.HK$29.60 per Offer Share) stated in this Prospectus.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Thursday, June 17, 2021.

Applications

Each applicant under the Hong Kong Public Offering will 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 for, and will not apply for or take up, or indicate an interest for, any International Offering Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he 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 Offer Price of HK$32.80 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$16,565.26 for one board lot of 500 Shares. If the Offer Price, as finally determined in the manner described in "— Pricing and Allocation" in this section below, is less than the Maximum Offer Price of HK$32.80 per Offer Share, appropriate refund payments (including the brokerage, the 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 in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 85,272,000 Shares, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 15.0% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States as well as institutional and professional 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 reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in " — Pricing and Allocation" in this section and based on a number of factors, including the level and timing of demand, the 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 Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Joint Global Coordinators (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 the Joint Global Coordinators 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 allocation 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 Hong Kong Public Offering — Reallocation and Clawback" in this section above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 14,212,000 additional Shares, representing approximately 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 2.5% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

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 retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilization Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilization Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilization Manager (or any person acting for it) and in what the Stabilization Manager reasonably regards as the best interest of the Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, being 14,212,000 Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering.

Stabilization action will be entered into in accordance with the laws, rules and regulations in place in Hong Kong. Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the 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 agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (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 Shares in order to liquidate any position established as a result of those purchases, and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(a) the Stabilization Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the Shares;

(b) there is no certainty as to the extent to which and the time or period for which the Stabilization Manager (or any person acting for it) will maintain such a long position;

(c) liquidation of any such long position by the Stabilization Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;

(d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Saturday, July 10, 2021, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

(e) the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilization period by the taking of any stabilizing action; and

(f) 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.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 14,212,000 Shares, representing up to 15% of the initial Offer Shares, through borrowing of Shares from the Shareholders.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilization Manager (or any person acting for it) will cover such over-allocations through stock borrowing arrangements.

PRICING AND ALLOCATION

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 about Thursday, June 10, 2021 and, in any event, no later than Thursday, June 17, 2021, by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$32.80 per Offer Share and is expected to be not less than HK$29.60 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the Maximum Offer Price of HK$32.80 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK$16,565.26 for one board lot of 500 Shares. 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 minimum Offer Price stated in this Prospectus.

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 about, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered and/or the Offer Price Range below that 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 a case, the Company will, as soon

as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of the Company and the Stock Exchange at **www.carsgen.com** and **www.hkexnews.hk,** respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price Range. If the number of Offer Shares and/or the Offer Price range is so reduced, all applicants who have already submitted an application will be entitled to withdraw their applications and will need to confirm their applications in accordance with the procedures set out in the supplemental prospectus. Failure to confirm within the prescribed time will lead to the application being lapsed and all unconfirmed applications will not be valid.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. 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, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and the Company, will under no circumstances be set outside the Offer Price Range as stated in this Prospectus.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this Prospectus.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilization Manager, its affiliates, or any person acting for it may choose to borrow up to 14,212,000 Shares (being the maximum number of Shares which may be issued upon exercise of the Over-allotment Option) from YIJIE Biotech (BVI) pursuant to a Stock Borrowing Agreement. The Stock Borrowing Agreement is expected to be entered into between the Stabilization Manager and YIJIE Biotech (BVI) on or about the Price Determination Date.

The same number of Shares as that borrowed must be returned to YIJIE Biotech (BVI) or its respective nominees on or before the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, and (ii) the day on which the Over-allotment Option is exercised in full, or such earlier time as may be agreed in writing between the parties.

The stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements.

No payment will be made to YIJIE Biotech (BVI) by the Stabilization Manager or its authorized agents in relation to such stock borrowing arrangement.

UNDERWRITING

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, among other things, the Joint Global Coordinators (on behalf of the Underwriters) and the Company agreeing on the Offer Price.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed "Underwriting" in this Prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on, among other things:

(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 on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the commencement of trading of the Shares on the Stock Exchange;

(b) the Offer Price having been agreed between the Joint Global Coordinators (on behalf themselves and of the Underwriters) and the Company;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements or otherwise,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and the Company on or before Thursday, June 17, 2021, the Global Offering will not proceed and will lapse.

The consummation 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 its terms.

If the above conditions are not fulfilled or waived prior to the dates and times 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 on the websites of the Company and the Stock Exchange at **www.carsgen.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, 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 — 13. Refund of Application Monies" in this Prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Friday, June 18, 2021, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, June 18, 2021, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, June 18, 2021.

The Shares will be traded in board lots of 500 Shares each and the stock code of the Shares will be 2171.

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this Prospectus or any printed copies of any application forms for use by the public.

This Prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "*HKEXnews* > *New Listings* > *New Listing Information*" section, and our website at **www.carsgen.com**. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this Prospectus is available online at the website addresses above.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, at +852 2862 8690 on the following dates:

Monday, June 7, 2021 — 9:00 a.m. to 9:00 p.m.
Tuesday, June 8, 2021 — 9:00 a.m. to 9:00 p.m.
Wednesday, June 9, 2021 — 9:00 a.m. to 9:00 p.m.
Thursday, June 10, 2021 — 9:00 a.m. to 12:00 noon

1. HOW TO APPLY

We will not provide any printed application forms for use by the public.

To apply for Hong Kong Offer Shares, you may:

(1) apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

(i) instructing 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; or

(ii) (if you are an existing CCASS Investor Participant) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (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 CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will 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.

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, the Joint Global Coordinators, the **White Form eIPO** Service Provider 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

Eligibility for the Application

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address; and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

If an application is made by a person under a power of attorney, the Company and the Joint Global Coordinators may accept it at their discretion and on any conditions they think 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 **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules and guidance letters issued by the Stock Exchange, or any relevant waivers that have been granted by the Stock Exchange, 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;
- a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offering Shares or otherwise participate in the International Offering.

Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

(a) have a valid Hong Kong identity card number; and

(b) provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

3. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this Prospectus, you:

(i) **undertake** to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (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, the Cayman Companies Act and the Articles of Association;

(iii) **confirm** that you have read the terms and conditions and application procedures set out in this Prospectus 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 Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunner, the Joint Lead Managers, the Underwriters, the **White Form eIPO** Service Provider, their respective directors, officers, employees, partners, agents, advisors, 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 Hong Kong Share Registrar, receiving banks, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisors 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 Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters nor any of their respective officers or advisors 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;

(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 (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) 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-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 fulfilled the criteria mentioned as set out in section "— Personal Collection" of this Prospectus 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 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 by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** 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 (i) 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 by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

For the avoidance of doubt, the Company and all other parties involved in the preparation of this Prospectus acknowledge that each applicant and 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 (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

4. MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

CARSGEN THERAPEUTICS HOLDINGS LIMITED (HK$32.8 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		*HK$*		*HK$*		*HK$*
500	16,565.26	8,000	265,044.20	70,000	2,319,136.79	600,000	19,878,315.36
1,000	33,130.53	9,000	298,174.73	80,000	2,650,442.05	700,000	23,191,367.92
1,500	49,695.79	10,000	331,305.26	90,000	2,981,747.30	800,000	26,504,420.48
2,000	66,261.05	15,000	496,957.88	100,000	3,313,052.56	900,000	29,817,473.04
2,500	82,826.31	20,000	662,610.51	150,000	4,969,578.84	1,000,000	33,130,525.60
3,000	99,391.58	25,000	828,263.14	200,000	6,626,105.12	1,500,000	49,695,788.40
3,500	115,956.84	30,000	993,915.77	250,000	8,282,631.40	2,000,000	66,261,051.20
4,000	132,522.10	35,000	1,159,568.40	300,000	9,939,157.68	2,500,000	82,826,314.00
4,500	149,087.37	40,000	1,325,221.02	350,000	11,595,683.96	3,000,000	99,391,576.80
5,000	165,652.63	45,000	1,490,873.65	400,000	13,252,210.24	3,500,000	115,956,839.60
6,000	198,783.15	50,000	1,656,526.28	450,000	14,908,736.52	4,000,000	132,522,102.40
7,000	231,913.68	60,000	1,987,831.54	500,000	16,565,262.80	4,737,500[(1)]	156,955,865.03

(1) Maximum number of Hong Kong Offer Shares you may apply for.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria set out in the sub-section headed "— 2. Who Can Apply" in this section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** 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 **White Form eIPO** Service Provider to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO service**.

If you have any questions on how to apply through the **White Form eIPO** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the **White Form eIPO** Service Provider at +852 2862 8690 on the following dates:

Monday, June 7, 2021 — 9:00 a.m. to 9:00 p.m.
Tuesday, June 8, 2021 — 9:00 a.m. to 9:00 p.m.
Wednesday, June 9, 2021 — 9:00 a.m. to 9:00 p.m.
Thursday, June 10, 2021 — 9:00 a.m. to 12:00 noon

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, June 7, 2021 until 11:30 a.m. on Thursday, June 10, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, June 10, 2021 or such later time under the "— 10. Effects of Bad Weather on the Opening and Closing of the Applications Lists" in this section.

Commitment to Sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "CARsgen Therapeutics Holdings Limited" **White Form eIPO** application submitted via the **www.eipo.com.hk** to support sustainability.

6. APPLYING THROUGH CCASS EIPO SERVICE

General

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. 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 Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (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 CCASS Investor Participants through HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong if you complete an input request.

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 Hong Kong Share Registrar.

Applying through CCASS EIPO service

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares (either indirectly through a **broker** or **custodian** or directly) and an application is made 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 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 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 Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors 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 Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisors 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 (as applied by Section 342E 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 the 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;

- agree with the Company, for itself and for the benefit of each of the Shareholder and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each of the Shareholder and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):

(a) to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association;

(b) that any award made in such arbitration shall be final and conclusive; and

(c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with the Company (for the Company itself and for the benefit of each shareholder of the Company) that the Shares are freely transferable by their holders;

- authorize the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Applying through CCASS EIPO service

By applying through **CCASS EIPO** service, 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 this Prospectus.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, June 7, 2021 — 9:00 a.m. to 8:30 p.m.
Tuesday, June 8, 2021 — 8:00 a.m. to 8:30 p.m.
Wednesday, June 9, 2021 — 8:00 a.m. to 8:30 p.m.
Thursday, June 10, 2021 — 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, June 7, 2021 until 12:00 noon on Thursday, June 10, 2021 (24 hours daily, except on Thursday, June 10, 2021, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, June 10, 2021, the last application day or such later time as described in "— 10. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

If you are instructing 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 are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Note:

(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 Participants.

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and its Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or its Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check, where applicable, verification of compliance with the terms and application procedures set out in this Prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Company's Shares including, where applicable, HKSCC Nominees;

- maintaining or updating the Company's Register of Members;
- verifying identities of the holders of the Company's Shares;
- establishing benefit entitlements of holders of the Company's Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Company's Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to holders of the Company's Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by the Company and its Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and its Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bankers and overseas principal share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

The Company and its Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in the section headed "Corporate Information" in this Prospectus or as notified from time to time, for the attention of the secretary, or the Company's Hong Kong Share Registrar for the attention of the privacy compliance officer.

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 **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider 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 Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** 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 go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, June 10, 2021, the last day for applications, or such later time as described in "10. Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) or through the **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied 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 behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

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 maximum Offer Price is HK$32.80 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 500 Hong Kong Offer Shares, you will pay HK$16,565.26.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Hong Kong Offer Shares.

You may submit an application through the **White Form eIPO** service or the **CCASS EIPO** service in respect of a minimum of 500 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in "— 4. Minimum Application Amount and Permitted Numbers", or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, 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, see the section headed "Structure of the Global Offering – Pricing and Allocation" in this Prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- an announcement of "extreme conditions" caused by a super typhoon by the Government of Hong Kong in accordance with revised "Code of Practice in Times of Typhoons and Rainstorms" issued by the Hong Kong Labour Department in June 2019 in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, June 10, 2021. 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 Thursday, June 10, 2021 or if there is/are a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this Prospectus, an announcement will be made on our website at **www.carsgen.com** and the website of the website of the Stock Exchange at **www.hkexnews.hk**.

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 Thursday, June 17, 2021 on the Company's website at **www.carsgen.com** 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.carsgen.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, June 17, 2021;

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, June 17, 2021 to 12:00 midnight on Wednesday, June 23, 2021; and

- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Thursday, June 17, 2021, Friday, June 18, 2021, Monday, June 21, 2021 and Tuesday, June 22, 2021.

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" in this Prospectus.

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 ALLOCATED 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 applying through the **CCASS EIPO** service or through the **White Form eIPO** 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 the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

(a) if a person responsible for this Prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this Prospectus; or

(b) 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, the Joint Global Coordinators, the **White Form eIPO** 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 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 Offering Shares;
- your **electronic application instructions** through the **White Form eIPO** Service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;
- 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;
- our Company or the Joint Global Coordinators 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 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 Thursday, June 17, 2021.

14. DESPATCH/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 through the CCASS EIPO service 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.

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 before Thursday, June 17, 2021. 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. Friday, June 18, 2021, provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" 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 through the White Form eIPO 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 any refund checks (where applicable) and/or your Share certificate(s) from Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East,

Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, June 17, 2021, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-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 Thursday, June 17, 2021 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 despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(ii) If you apply through CCASS EIPO service

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 Thursday, June 17, 2021, 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 "11. Publication of Results" above on Thursday, June 17, 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, June 17, 2021 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 Thursday, June 17, 2021. 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 Thursday, June 17, 2021.

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 advisor 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-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CARSGEN THERAPEUTICS HOLDINGS LIMITED, GOLDMAN SACHS (ASIA) L.L.C. AND UBS SECURITIES HONG KONG LIMITED

Introduction

We report on the historical financial information of CARsgen Therapeutics Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-60, which comprises the consolidated statements of financial position as at December 31, 2019 and 2020, the Company statements of financial position as at December 31, 2019 and 2020, 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, 2019 and 2020 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-60 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated June 7, 2021 (the "**Prospectus**") in connection with the initial listing of the 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 Notes 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 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.

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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 Notes 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, 2019 and 2020 and the consolidated financial position of the Group as at December 31, 2019 and 2020 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.

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-3 have been made.

Dividends

We refer to Note 24 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
June 7, 2021

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 Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)) in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("the **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, 2019	2020
		RMB'000	*RMB'000*
Administrative expenses	*8*	(32,004)	(76,893)
Research and development expenses	*8*	(210,201)	(281,752)
Other income	*6*	13,328	9,977
Other gains – net	*7*	1,477	21,623
Operating loss		(227,400)	(327,045)
Finance income	*10*	1,429	763
Finance costs	*10*	(887)	(13,480)
Finance income/(costs) – net	*10*	542	(12,717)
Fair value changes in financial instruments issued to investors	*28*	(38,275)	(724,287)
Loss before income tax		(265,133)	(1,064,049)
Income tax expense	*11*	–	–
Loss for the year and attributable to the equity holders of the Company		(265,133)	(1,064,049)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of subsidiaries		(8,901)	55,683
Items that will not be reclassified to profit or loss			
Exchange differences on translation of the Company		(2,342)	29,024
Fair value changes relating to financial instruments issued to investors due to the Company's own credit risk	*28*	(4,485)	34,104
		(6,827)	63,128
Other comprehensive (losses)/income for the year, net of tax		(15,728)	118,811
Total comprehensive loss for the year and attributable to the equity holders of the Company		(280,861)	(945,238)
Loss per share attributable to the equity holders of the Company (in RMB) *(Note)*			
Basic and diluted loss per share	*12*	(1.34)	(5.37)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at December 31, 2019	As at December 31, 2020
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	153,644	129,630
Right-of-use assets	*14*	18,023	27,139
Intangible assets	*15*	28,371	23,521
Other non-current assets and prepayments	*16*	10,773	17,766
		210,811	198,056
Current assets			
Other receivables	*17*	2,782	2,418
Other current assets and prepayments	*18*	15,742	10,408
Cash and cash equivalents	*19*	96,476	1,042,969
		115,000	1,055,795
Total assets		325,811	1,253,851
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company			
Share capital	*21*	–	–
Reserves	*22*	26,150	146,675
Accumulated losses		(758,754)	(1,822,803)
Total equity in deficit		(732,604)	(1,676,128)
Liabilities			
Non-current liabilities			
Financial instruments issued to investors	*28*	–	2,745,584
Borrowings	*25*	16,358	11,981
Lease liabilities	*26*	4,968	14,016
Deferred income	*27*	15,719	13,167
		37,045	2,784,748
Current liabilities			
Financial instruments issued to investors	*28*	937,412	–
Borrowings	*25*	24,146	68,371
Lease liabilities	*26*	5,857	5,890
Deferred income	*27*	702	3,591
Accruals and other payables	*29*	53,253	67,379
		1,021,370	145,231
Total liabilities		1,058,415	2,929,979
Total equity and liabilities		325,811	1,253,851

STATEMENTS OF FINANCIAL POSITION – COMPANY

	Note	As at December 31, 2019	As at December 31, 2020
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Investment in subsidiaries	*33*	644,183	605,009
Other receivables	*17*	391,109	686,843
		1,035,292	1,291,852
Current assets			
Cash and cash equivalents	*19*	10	918,987
		10	918,987
Total assets		1,035,302	2,210,839
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company			
Share capital	*21*	–	–
Reserves	*22*	276,916	341,758
Accumulated losses		(151,401)	(881,693)
Total equity/(in deficit)		125,515	(539,935)
Liabilities			
Non-current liabilities			
Financial instruments issued to investors	*28*	–	2,745,584
		–	2,745,584
Current liabilities			
Financial instruments issued to investors	*28*	909,787	–
Accruals and other payables		–	5,190
		909,787	5,190
Total liabilities		909,787	2,750,774
Total equity and liabilities		1,035,302	2,210,839

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to equity holders of the Company			
	Note	**Share capital**	**Reserves**	**Accumulated losses**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2019		–	39,951	(493,621)	(453,670)
Loss for the year		–	–	(265,133)	(265,133)
Other comprehensive income	*22*	–	(15,728)	–	(15,728)
Total comprehensive loss		–	(15,728)	(265,133)	(280,861)
Transactions with owners					
Share-based compensation	*23*	–	1,927	–	1,927
Total transactions with owners		–	1,927	–	1,927
Balance at December 31, 2019		–	26,150	(758,754)	(732,604)
Balance at January 1, 2020		–	26,150	(758,754)	(732,604)
Loss for the year		–	–	(1,064,049)	(1,064,049)
Other comprehensive income	*22*	–	118,811	–	118,811
Total comprehensive loss		–	118,811	(1,064,049)	(945,238)
Transactions with owners					
Share-based compensation	*23*	–	1,714	–	1,714
Total transactions with owners		–	1,714	–	1,714
Balance at December 31, 2020		–	146,675	(1,822,803)	(1,676,128)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended December 31, 2019	2020
		RMB'000	*RMB'000*
Cash flows from operating activities			
Cash used in operations	*30(a)*	(180,433)	(295,913)
Interest received		1,429	763
Net cash used in operating activities		(179,004)	(295,150)
Cash flows from investing activities			
Payment for acquisition of property, plant and equipment		(102,641)	(17,727)
Payment for acquisition of intangible assets		(818)	(1,008)
Refund of input VAT related to acquisition of non-current assets		252	11,838
Government grant received in relation to acquisition of non-current assets		16,050	–
Proceeds from disposal of financial assets		170,142	–
Net cash generated from/(used in) investing activities		82,985	(6,897)
Cash flows from financing activities			
Proceeds from issuance of financial instruments to investors	*28*	–	1,283,565
Repayment of convertible loans	*28(b)*	(242,125)	(27,625)
Injection of cash to the Company by investors with proceeds from repayment of convertible loans	*28(b)*	242,125	27,625
Reduction of capital from a subsidiary		(21,737)	–
Injection of cash to the Company by investors with proceeds from reduction of capital from a subsidiary		21,737	–
Principal element of lease payments		(12,265)	(7,494)
Interest paid for lease liabilities		(466)	(376)
Proceeds from bank borrowings		42,500	70,000
Repayments of bank borrowings		(1,996)	(30,152)
Interest paid for bank borrowings		(246)	(2,975)
Proceeds from loans with conversion option	*10*	–	100,000
Repayments of loans with conversion option	*10*	–	(100,000)
Interest paid for loans with conversion option	*10*	–	(10,095)
Net cash generated from financing activities		27,527	1,302,473
Net (decrease)/increase in cash and cash equivalents		(68,492)	1,000,426
Cash and cash equivalents at beginning of the year		163,553	96,476
Exchange gain/(loss) on cash and cash equivalents		1,415	(53,933)
Cash and cash equivalents at end of the year		96,476	1,042,969

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

CARsgen Therapeutics Holdings Limited (hereinafter the "**Company**") was incorporated under the law of Cayman Islands as a limited liability company on February 9, 2018. The address of the Company's registered office is P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 – 1205 Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are a global biopharmaceutical company discovering, developing and commercializing potentially first-in-class and cell therapies in the People's Republic of China (the "PRC") and United States of America (the "US").

The Historical Financial Information of the Group includes the financial information of the Company, its subsidiaries and the entities which the Group controls through the contractual arrangements as set out in Note 2.1.2.

As of December 31, 2019 and 2020, the Group had direct or indirect interests in the following subsidiaries:

				Effective interests held by the Group		
Company name	**Place, date of incorporation/ establishment and type of legal entity**	**Principal activities**	**Registered/ issued and paid up capital**	**As at December 31, 2019**	**As at December 31, 2020**	**As at date of this report**
Directly held:						
CARsgen Pharma Holdings Limited *(Note (d))*	Hong Kong, February 21, 2018, Limited liability company	Holding company	HKD10	100%	100%	100%
Indirectly held:						
Cleanings Biotech Limited *(Note (d))*	British Virgin Islands, September 11, 2018, Limited liability company	Holding company	USD1	100%	100%	100%
Excelsiory Biotech Limited *(Note (d))*	British Virgin Islands, September 11, 2018, Limited liability company	Holding company	USD1	100%	100%	100%
Panzenith Biotech Limited *(Note (d))*	British Virgin Islands, September 11, 2018, Limited liability company	Holding company	USD1	100%	100%	100%
CARsgen Therapeutics Corporation ("CARsgen USA") *(Note (a)(d))*	United States of America, May 4, 2016, Limited liability company	Drug research and development and manufacturing and import and export handling	USD1,000	100%	100%	100%
CARsgen Life Sciences Co., Ltd. 愷興生命科技(上海)有限公司 *(Note (a)(d))**	the PRC, March 22, 2018, Limited liability company (Registered as wholly foreign owned enterprises under PRC law)	Drug research and development and manufacturing and import and export handling	USD40,000,000/ USD6,000,000	100%	100%	100%
Kaijie Life Technology (Shanghai) Co., Ltd愷捷生命科技(上海)有限公司 *(Note (a)(d)(f))**	the PRC, March 6, 2019, Limited liability company	Drug research and development and manufacturing and import and export handling	CNY40,000,000/ CNY48,000	100%	100%	–
Shanghai Kaixing Diagnostic Limited上海愷興診斷技術有限公司 *(Note (a))**	the PRC, November 23, 2020, Limited liability company	Drug research and development and manufacturing and import and export handling	CNY10,000,000	–	100%	100%

Company name	Place, date of incorporation/ establishment and type of legal entity	Principal activities	Registered/ issued and paid up capital	Effective interests held by the Group		
				As at December 31, 2019	As at December 31, 2020	As at date of this report
Controlled by the Company pursuant to the Contractual Agreements *(Note 2.1.2)*						
CARsgen Therapeutics Co., Ltd 科濟生物醫藥(上海)有限公司 ("CARsgen Therapeutics") *(Note (a)(b)(e))**	the PRC, October 30, 2014, Limited liability company	Drug research and development and manufacturing and import and export handling	CNY40,000,000	100%	100%	100%
CARsgen Therapeutics International Group Limited (科濟藥業國際集團有限公司) ("CARsgen Therapeutics International") *(Note (a)(d)(e))*	Hong Kong, April 1, 2016, Limited liability company	Drug research and development and manufacturing and import and export handling	HKD1,000	100%	100%	100%
CARsgen Pharmaceuticals Co., Ltd 上海科濟製藥有限公司 ("CARsgen Pharmaceuticals") *(Note (a)(b)(e))**	the PRC, November 15, 2017, Limited liability company	Drug research and development and manufacturing and import and export handling	CNY50,000,000/ CNY35,082,900	100%	100%	100%
Dasheng Biotechnology (Shanghai) Limited大勝生物科技(上海)有限公司 *(Note (a)(e)(f))**	the PRC, July 11, 2018, Limited liability company	Drug research and development and manufacturing and import and export handling	CNY100,000,000	100%	100%	–

* The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

Notes:

(a) The audited financial information of the subsidiaries for the year ended December 31, 2020 has not been issued as of the date of this report.

(b) The audited financial statements of the subsidiaries for the year ended December 31, 2019 was audited by PricewaterhouseCoopers Zhong Tian LLP, certified public accountants registered in the PRC.

(c) The audited financial statement of the subsidiaries for the year ended December 31, 2019 was audited by JTBC CPA Limited, certified public accountants registered in Hong Kong.

(d) No audited financial statements have been prepared for these subsidiaries for the year ended December 31, 2019, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

(e) These subsidiaries are controlled through Contractual Arrangements and the Group does not have legal ownership in equity of these subsidies, as the PRC regulation restrict foreign ownership of companies of such businesses.

(f) These subsidiaries were dissolved on January 21, 2021.

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 International Financial Reporting Standards ("**IFRS**") issued by International Accounting Standards Board (the "**IASB**").

The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of Historical Financial Information in conformity with IFRSs 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 of the Group has been prepared on a going concern basis. The Group is in the development phase and has not generated revenue from sales of drugs and has been incurring losses from operations since incorporation. 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 preferred shares.

As at December 31, 2020, the Group had a total equity in deficit of RMB1,676,128,000 and cash and cash equivalents of RMB1,042,969,000. On the other hand, the Group have financial instruments issued to investors with carrying amount of RMB2,745,584,000 under non-current liabilities, which would not be contractually redeemable within the next twelve-month period, subject to redemption and other clauses as set out in Note 28. Such financial instruments issued to investors will automatically be converted into ordinary shares upon the closing of the global offering. Accordingly, the directors are of the opinion that the preferred shares are not expected to have cash flow impact on the Group and therefore the Group has sufficient cash for its daily operation for 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 are consistently applied to the Group throughout 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:

Standards	Key requirements	Effective for annual periods beginning on or after
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1 (Amendment)	Classification of liabilities as current or non-current	January 1, 2023
IAS 37 (Amendment)	Onerous contracts – Cost of fulfilling a contract	January 1, 2022

Standards	Key requirements	Effective for annual periods beginning on or after
Annual Improvements	Annual Improvements to IFRS standard 2018-2020	January 1, 2022
IAS 16 (Amendment)	Property, plant and equipment – proceeds before intended use	January 1, 2022
IFRS 3 (Amendment)	Reference to the Conceptual Framework	January 1, 2022
IFRS 9, IAS 39, IFRS 4 and IFRS 16	Interest rate benchmark reform – Phase two	January 1, 2021

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, these standards and amendments are not expected to have a significant impact on the Group's financial performance and position.

2.1.2 Contractual Arrangements

Due to the restrictions imposed by the relevant laws and regulatory regime of the PRC on foreign ownership of companies engaged in the gene therapy business carried out by subsidiaries of the Group, namely CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司) ("CARsgen Therapeutics") and its wholly owned subsidiaries, CARsgen Pharmaceuticals Co., Ltd. (上海科濟製藥有限公司), Dasheng Biotech Co., Ltd. (大勝生物科技(上海)有限公司) and CARsgen Therapeutics International Group Limited (科濟藥業國際集團有限公司), hereinafter collectively "CARsgen Therapeutics Group", CARsgen Life Sciences Co., Ltd. (愷興生命科技(上海)有限公司) ("CARsgen Life Sciences") entered into the contractual arrangements (the "Contractual Arrangements") with CARsgen Therapeutics and its registered shareholders who collectively hold 100% equity interests of CARsgen Therapeutics on April 18, 2018, which enable CARsgen Life Science and the Group to:

- expose, or have rights, to variable returns from their involvement with the investee and have ability to affect those returns through its power over CARsgen Therapeutics Group;
- exercise equity holders' controlling voting rights of CARsgen Therapeutics Group;
- receive substantially all of the economic interest returns generated by CARsgen Therapeutics Group in consideration for the business support, technical and consulting services provided by CARsgen Therapeutics Group;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in CARsgen Therapeutics Group from its equity holders at the same amount of its registered capital. CARsgen Life Science may exercise such options at any time until it has acquired all equity interests and/or all assets of CARsgen Therapeutics Group. In addition, CARsgen Therapeutics Group is not allowed to sell, transfer, or dispose of any assets, or make any distributions to its equity holders without prior consent of CARsgen Life Science; and
- obtain a pledge over the entire equity interest of CARsgen Therapeutics Group from its equity holders as collateral security to guarantee performance of their contractual obligations under the Contractual Arrangements.

The Group does not have any legal equity interest in CARsgen Therapeutics Group. However, as a result of the Contractual Arrangements, the Group has power over CARsgen Therapeutics Group, has rights to variable returns from its involvement with CARsgen Therapeutics Group and has the ability to affect those returns through its power over CARsgen Therapeutics Group and is considered to have control over CARsgen Therapeutics Group. Consequently, the Company regards CARsgen Therapeutics Group as controlled structure entities and consolidated the financial position and result of operations of CARsgen Therapeutics Group and the Historical Financial Information of the Group upon the execution of the Contractual Agreements.

2.2 Subsidiaries

(a) Consolidation

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 over the entity. Subsidiaries are 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 entities within the Group are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit or loss.

Intra-group 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. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) 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.

2.3 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.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's 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 re-measured. 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 year/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 – net".

(c) Group companies

The results and balance sheet of all the Group entities (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 statement of financial position are translated at the closing rate;

(ii) Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rate; and

(iii) All resulting exchange differences are recognized in other comprehensive income and accumulated as "Reserve" in equity.

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.

2.5 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 the statement of profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

Building	20 years
Equipment	5-10 years
Electronic equipment	3 years
Fixture	5 years
Furniture	5-7 years
Vehicles	4 years
Leasehold improvements	Over the shorter of the lease term or the estimated useful life

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognized as "Other gains – net" in the consolidated statements of comprehensive loss.

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.

2.6 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 3-5 years.

(b) Patent

Patents are shown at fair value when acquired. Patents have a finite life and are carried at cost less accumulated amortization and impairment, if any. The legal validity period of the patents is 20 years, while considering the technical innovation, the estimated commercially beneficial period of the Group's patents to research and development activities was 10 years. As a result, amortization is calculated using the straight-line method to allocate the cost of patents over 10 years.

(c) Research and development

The Group incurs significant costs and efforts on research and development activities, which include expenditures on drug products. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred. Development costs are recognized as assets if they can be directly attributable to a newly developed drug products and all the followings can be 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 cost of an internally generated intangible asset is the sum of the expenditures incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized in connection with the intangible asset include costs of consumables and services used or consumed, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads. The Group generally considers capitalization criteria for internally generated intangible assets is met when obtaining regulatory approval of new drug license.

Capitalized development expenditures are amortized using the straight-line method over the life of the related drug products. Amortization shall begin when the asset is available for use. Subsequent to initial recognition, internally generated intangible assets are reported as cost less accumulated amortization and accumulated impairment losses (if any).

Development expenditures not satisfying the above criteria are recognized in the profit or loss as incurred and development expenditures previously recognized as an expense are not recognized as an asset in a subsequent period.

2.7 Impairment of non-financial assets

Intangible assets, right-of-use assets and property, and plant and equipment 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 of disposal 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 other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

- 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 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 ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed 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 income using the effective interest method.

- 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 – net".

- FVPL: 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 – 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 – net in the consolidated statements of comprehensive 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.

2.9 Offsetting financial assets and liabilities

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.

2.10 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

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.

2.11 Cash and cash equivalents

Cash and cash equivalents include 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.

2.12 Share capital

Ordinary shares are classified as equity. 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.

2.13 Accruals and other payables

Accruals and other payables mainly represent the obligations to pay for consumables and 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.

2.14 Financial instruments issued to investors

Financial instruments issued to investors consist of preferred shares and convertible loan. Accounting policies and other explanatory information of these financial instruments are elaborated as follows:

(a) Preferred shares

Before and during the Track Record Period, the Group entered into a series of share purchase agreements with financial investors and issued Series A, Series B, Series Pre-C, Series C-1 and Series C-2 preferred shares, respectively (collectively, "Preferred Shares"). Preferred Shares are redeemable upon occurrence of certain 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 Preferred Shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value. Subsequent to initial recognition, the Preferred Shares are carried at fair value with changes in fair value recognized in the profit or 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.

(b) Convertible loans

Before and during the Track Record Period, the Group issued certain convertible loans to investors. The convertible loans bear no interest and are convertible into preference shares of the Company at the option of the holders under certain conditions. The Group designated the convertible loan as financial liabilities at fair value through profit or loss, which is initially recognized at fair value. Subsequent to initial recognition, the convertible loan is carried at fair value with changes in fair value recognized in the profit or 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.

2.15 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.

2.16 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.

2.17 Employee benefits

(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.

(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 contribution 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.

2.18 Share-based payment

(a) Equity-settled share-based payment transactions

The Group operates stock options granted to employees, under which the Group 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 in 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; (for example, the requirement for employees to serve)

(iii) including the impact of any non-vesting conditions.

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.

2.19 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 relating to costs are deferred and recognized in consolidated statements of comprehensive loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to consolidated statements of comprehensive loss over the estimated useful lives of the related assets using the straight-line method.

2.20 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.

2.21 Leases and right of use assets

The Group leases various properties. Property leases are typically made for fixed periods of one to five years. Lease terms are negotiated on an individual basis and contain various different terms and conditions.

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.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal 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.

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.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months. Low-value assets comprise equipment and small items of office furniture.

2.22 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

2.23 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.

2.24 Loss per share

Basic loss per share is calculated by dividing the loss of the Group attribute to the equity holders of the Company by weighted average number of ordinary shares outstanding during the Track Record Period. 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.

2.25 Derivatives

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's risk management is predominantly controlled by the treasury department under policies approved by the board of directors. The Group's treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) 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 the relevant group entity.

The Group has entities operating in the United States of America and in the People's Republic of China and there are certain cash and cash equivalent, other receivables, accruals and other payables denominated in a currency that is not the functional currency of the relevant group entity. The Group constantly reviews the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures, as may be necessary.

At December 31, 2019 and 2020, if the USD strengthened/weakened by 5% against the RMB with all other variables held constant, net loss for the years would have been RMB3,336,000 lower/higher and RMB44,237,000 lower/higher, respectively.

(ii) 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 25.

If interest rates on borrowings had been 50 basis point higher with all other variables held constant, the Group's loss would approximately increase RMB203,000 and RMB402,000 for each of the years ended December 31, 2019 and 2020, respectively.

(b) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, other receivables included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at December 31, 2019 and 2020, cash and cash equivalents were all deposited with high quality financial institutions without significant credit risk.

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 Group does not expect any losses from nonperformance by the counterparties of other receivables and no loss allowance provision for other receivables was recognized.

As at December 31, 2019 and 2020, other receivables mainly comprise deposits to lessors with the amount of RMB1.9 million and RMB1.8 million respectively in relation to the Group's leased properties. The Group expects that there is no significant credit risk associated with other receivables since the counter-parties have no history of default and adjustment for forward looking factors was insignificant. Accordingly, the expected credit loss of other receivables was considered immaterial.

As at December 31, 2019 and 2020, the Company's other receivables was amount due from subsidiaries. Based on the expected future cash flows, the expected credit loss risk for other receivables is comparatively low and no expected credit loss has been made.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents or adjust financing arrangements to meet the Group's liquidity requirements.

The Group recognizes 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 rather than by matching dates.

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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2020					
Accruals and other payables	44,749	–	–	–	44,749
Borrowings	70,448	5,143	8,999	–	84,590
Lease liabilities	6,610	4,894	10,449	–	21,953
Financial instruments issued to investors	–	–	1,832,617	–	1,832,617
	121,807	10,037	1,852,065	–	1,983,909
As at December 31, 2019					
Accruals and other payables	36,415	–	–	–	36,415
Borrowings	25,788	5,143	14,142	–	45,073
Lease liabilities	6,165	3,236	1,921	–	11,322
Financial instruments issued to investors	320,636	–	–	–	320,636
	389,004	8,379	16,063	–	413,446

3.2 Capital management

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may return capital to equity holders, issue new shares, make borrowings or sell assets to reduce debt.

The Group monitors capital (including share capital and reserves, and Preferred Shares on an as-if-converted basis) by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. In the opinion of the directors of the Company, the Group's capital risk is low.

3.3 Fair value estimation

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as 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 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 liabilities that were measured at fair value at December 31, 2019:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities				
Financial instruments issued to investors	–	–	937,412	937,412

The following table presents the Group's liabilities that are measured at fair value at December 31, 2020:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities				
Financial instruments issued to investors	–	–	2,745,584	2,745,584

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the beginning of the reporting year.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include Binomial option-pricing model or discounted cash flow analysis.

There were no changes in valuation techniques during the Track Record Period.

(iii) Valuation processes

The finance department of the Group has a team that performs the valuation of financial instruments required for financial reporting purposes, including level 3 fair values. On an annual basis, the team adopts various valuation techniques to determine the fair value of the Group's level 3 instruments. This team reports directly to the chief finance officer and the board of directors.

The changes in level 3 financial instruments issued to investors for the Track Record Period and the quantitative information about the significant unobservable inputs used in level 3 fair value measurements used are presented in Notes 28.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements require the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates

(a) Impairment of non-current asset

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 the useful life of intangible assets

The directors of the Company determine the estimated useful lives and the amortization method in determining the related amortization charges for its intangible assets. This estimate is reference to the useful lives of intangible assets of similar nature and functions in the industry. The directors of the Company will increase the amortization charge where useful lives are expected to be shorter than expected. As at December 31, 2019 and December 31, 2020, the carrying amounts of intangible assets were RMB28,371,000 and RMB23,521,000 respectively as disclosed in Note 15.

(c) Estimation of fair value of financial instruments issued to investors

Financial instruments issued to investors 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 Group and the equity allocation model was adopted to determine the fair value of the financial instruments. Key assumptions, such as discount rate, risk-free interest rate and volatility are disclosed in Note 29.

(d) Recognition of deferred tax asset

The Group recognizes deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred tax assets mainly involved management's judgements and estimations about the timing and the amount of taxable profits of the companies who had tax losses. During the Track Record Period, deferred tax assets have not been recognized in respect of these accumulated tax losses and other deductible temporary differences based on the fact that there were several drug candidates of the Group and most of them were in earlier research and development stage and the future taxable profits would be uncertain.

(e) Share-based compensation

As disclosed in Note 23, the Group has granted share options to the Group's employees. The Company has engaged an independent valuer to determine the fair value of the options granted to employees, which is expensed over the vesting periods. Unobservable inputs such as the discount rate, risk-free interests rate, volatility and dividend yield, etc. are used in determining the fair value of the share-based compensations.

(f) Accruals of research and development expenses

Research and development expenses include costs related to clinical trials paid to hospitals and third-party contract research organizations (CROs). The estimate of accrual of research and development expenses related to clinical trials is complex because billing terms under relevant contracts often do not coincide with the timing of when the work is performed, which in turn requires estimates of outstanding obligations as of period end. These estimates are based on a number of factors, including management's knowledge of the research and development ("R&D") programs and activities associated with timelines, invoicing to date, and the provisions in the contracts.

4.2 Critical accounting judgements

(a) Capitalization of 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 judgement 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.

(b) Contractual arrangement

The Group conducts its business through CARsgen Therapeutics Group in the PRC. Due to the regulatory restrictions on the foreign ownership of the Listing Business in the PRC, the Group does not have any legal equity interest in CARsgen Therapeutics Group. The Directors assessed whether or not the Group has control over CARsgen Therapeutics Group by assessing whether it has the rights to variable returns from its involvement with CARsgen Therapeutics Group and has the ability to affect those returns through its power over CARsgen Therapeutics Group. After assessment, the Directors concluded that the Group has control over CARsgen Therapeutics Group as a result of the Contractual Arrangements and accordingly the financial position and the operating results of CARsgen Therapeutics Group are included in the Group's consolidated financial statements throughout the Track Record Period or since the respective dates of incorporation/establishment or acquisition, whichever is the shorter period. Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over CARsgen Therapeutics Group and uncertainties presented by the PRC legal system could impede the Groups beneficiary rights of the results, assets and liabilities of CARsgen Therapeutics Group. The Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements with CARsgen Therapeutics Group and its equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Group.

During the Track Record Period, the Group is conducting the research and development activities of biopharmaceutical products for human use. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Group regards that there is only one segment which is used to make strategic decisions.

Although the Group has operations in the PRC and the USA, the Group's assets were mainly located in the PRC as at December 31, 2019 and 2020.

6 OTHER INCOME

	Year ended December 31,	
	2019	2020
	RMB'000	*RMB'000*
Government grants	11,844	9,977
Interest income from financial assets	1,482	–
Others	2	–
	13,328	9,977

7 OTHER GAINS – NET

	Year ended December 31,	
	2019	2020
	RMB'000	*RMB'000*
Net foreign exchange gain	1,452	21,623
Others	25	–
Total	1,477	21,623

8 EXPENSES BY NATURE

	Year ended December 31,	
	2019	2020
	RMB'000	*RMB'000*
Testing and clinical expenses	105,022	124,269
Employee benefit expenses *(Note 9)*	79,469	97,144
Professional service expenses	789	34,021
Research and development consumables	17,876	30,240
Depreciation of property, plant and equipment *(Note 13)*	8,801	26,792
Utility fees	4,201	9,511
Office expenses	3,627	7,455
Depreciation of right of use assets *(Note 14)*	5,151	7,459
Amortization of intangible assets *(Note 15)*	5,617	5,858
Auditors' remuneration	600	1,100
– Audit service	600	600
– Non-audit service	–	500
Travelling and transportation expense	3,412	2,073
Short term lease and low value lease expenses	253	719
Listing expenses	–	4,323
Other expenses	7,387	7,681
Total administrative expenses and research and development expenses	242,205	358,645

9 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Wages, salaries and bonuses	60,292	83,703
Pension, social security costs and housing benefits	11,158	7,124
Share-based compensation *(Note 23)*	1,927	1,714
Other welfare for employees	6,092	4,603
	79,469	97,144

(a) Pensions – defined contribution plans

Full time employees of the Group in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension obligations to fund the benefits. The Group's liabilities in respect of benefits schemes are limited to the contribution payable in each year.

During the year ended December 31, 2019 and 2020, the Group implemented a defined contribution 401(k) savings plan (the "401(k) Plan") for U.S. employees. The 401(k) Plan covers all eligible U.S. employees, and allows participants to defer a portion of their annual compensation on a pretax basis per applicable federal and state guidance. In addition, the Group implemented a matching contribution to the 401(k) Plan, matching 100% of an employee's contribution up to the first 6% of individual's base salary. The Group's contributions to the 401(k) plan totaled RMB772,446 and RMB1,936,884 in the years ended December 31, 2019 and 2020, respectively.

As one of the relief policies on COVID-19 in the PRC, the Group enjoyed certain exemption and deduction of contribution to the state-managed retirement benefit schemes, and contributions to medical insurance and other social securities for the period from February 1, 2020 to December 31, 2020 according to the relief policies issued by Shanghai Municipal Finance Bureau and Shanghai Municipal Human Resources And Social Security Bureau.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two directors for the years ended December 31, 2019 and 2020, respectively, whose emoluments are reflected in the analysis presented on note (c). The emoluments payable to the remaining three individuals during the Track Record Period are as follows:

	Year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Wages, salaries and bonuses	6,876	6,967
Pension, social security costs and housing benefits	778	778
Share-based compensation *(Note 23)*	1,010	573
Other welfare for employees	62	62
	8,726	8,380

The emoluments of the top five highest paid individual fell within the following bands:

	Year ended December 31,	
	2019	2020
	no. of individuals	*no. of individuals*
Emolument bands		
HKD2,000,001 to HKD2,500,000	1	1
HKD2,500,001 to HKD3,000,000	1	1
HKD3,000,001 to HKD3,500,000	1	1
	3	3

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals for the years ended December 31, 2019 and 2020.

(c) Directors' and senior management's emoluments

Directors and chief executives' emoluments for the Track Record Period are set out as follows:

	Fees	Salary	Discretionary bonus	Social security costs	Other benefits	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2019							
Chairman and executive director							
Dr. Li *(i)*	–	462	334	101	33	203	1,133
Executive director							
Mr. Huamao Wang *(ii)*	–	555	342	101	14	203	1,215
Mr. Bingsen Guo *(iii)*	–	–	–	–	–	–	–
Ms. Yachao Zhao *(iv)*	–	–	–	–	–	–	–
Mr. Chihoon Hyun *(v)*	–	–	–	–	–	–	–
	–	1,017	676	202	47	406	2,348

	Fees	Salary	Discretionary bonus	Social security costs	Other benefits	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2020							
Chairman and executive director							
Dr. Li *(i)*	–	574	460	47	18	–	1,099
Executive director							
Mr. Huamao Wang *(ii)*	–	676	462	47	1	–	1,186
Mr. Bingsen Guo *(iii)*	–	–	–	–	–	–	–
Ms. Yachao Zhao *(iv)*	–	–	–	–	–	–	–
Mr. Chihoon Hyun *(v)*	–	–	–	–	–	–	–
Mr. Ronggang Xie *(vi)*	–	–	–	–	–	–	–
Mr. Huaqing Guo *(vii)*	–	–	–	–	–	–	–
	–	1,250	922	94	19	–	2,285

(i) Dr. Li was appointed as director on February 9, 2018.

(ii) Mr. Huamao Wang was appointed as director on September 13, 2018.

(iii) Mr. Bingsen Guo was appointed as director on September 13, 2018 and re-designated as a non-executive Director on February 18, 2021.

(iv) Ms. Yachao Zhao was appointed as director on September 13, 2018 and re-designated as a non-executive Director on February 18, 2021.

(v) Mr. Chihoon Hyun was appointed as director on September 13, 2018 and resigned as a director on February 18, 2021.

(vi) Mr. Ronggang Xie was appointed as director on September 18, 2020 and re-designated as a non-executive Director on February 18, 2021.

(vii) Mr. Huaquing Guo was appointed as director on September 18, 2020 and re-designated as a non-executive Director on February 18, 2021.

(d) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the Track Record Period.

(e) Directors' termination benefits

None of the directors received or will receive any termination benefits during the Track Record Period.

(f) 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.

(g) Information about loans, quasi-loans and other dealings in favor of directors, bodies corporate controlled by or entities connected with directors

There were no loans, quasi-loans and other dealings (exclude Note 32) in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(h) 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 years or at any time during the Track Record Period.

10 FINANCE INCOME/(COSTS) – NET

	Year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Finance income:		
Interest income on bank deposits	1,429	763
Total finance income	1,429	763

	Year ended December 31,	
	2019	2020
	RMB'000	*RMB'000*
Finance costs		
Interest expense on loans with conversion option *(Note)*	–	(10,095)
Interest expense on bank borrowings *(Note 25)*	(421)	(3,009)
Interest expense on lease liabilities *(Note 26)*	(466)	(376)
Total finance costs	(887)	(13,480)
Finance income/(costs) – net	542	(12,717)

Note: In 2020, CARsgen Therapeutics borrowed RMB100 million from investors, RMB73 million of which are from the then existing preference shares investors of CARSgen Therapeutics (Note 32) and RMB27 million of which are from third parties. The loans bear interest at 24% per annum.

The lenders were entitled with the right to convert its lendings into preferred share of the Company within a certain period of time if the Company had completed Series C Financing but failed to repay the borrowing before a specified date. Fair value of such conversion right is not significant.

The total fair value of the loans and the attached conversion rights approximates the nominal amount of the loans at transaction date.

11 INCOME TAX EXPENSE

The Group is 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 operated.

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands. The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, and accordingly, the operating results reported by the company, is not subject to any income tax in the Cayman Islands.

(b) Hong Kong income tax

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.

(c) Mainland China corporate income tax

Subsidiaries in Mainland China are subject to income tax at a rate of 25% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), with the exception of CARsgen Therapeutics obtained its High and New Technology Enterprises status in year 2020 and hence is entitled to a preferential tax rate of 15% for a three-year period commencing 2020.

No provision for Mainland China corporate income tax was provided for, as there's no assessable profit.

(d) The US corporate income tax

CARsgen USA, which was incorporated in Delaware, the United States on May 4, 2016, was subject to statutory U.S. Federal corporate income tax at a rate of 21% for the years ended December 31, 2019 and 2020. CARsgen USA was also subject to the state income tax in Delaware, at a rate of 8.7%, during the Track Record Period. Any dividends paid by CARsgen USA will be subject to a 30% U.S. Federal withholding tax.

No provision for US corporate income tax was provided for as there's no assessable profit.

(e) British Virgin Islands income tax

Under the current laws of BVI, subsidiaries incorporated in BVI and all dividends, interest, rents, royalties, compensation and other amounts paid by such subsidiaries incorporated in the BVI to persons who are not resident in the BVI and any capital gains realised with respect to any shares, debt obligations, or other securities of such subsidiaries incorporated in the BVI by persons who are not resident in the BVI are exempt from all provisions of the Income Tax Ordinance in the BVI. In addition, upon payments of dividends by BVI subsidiaries, no BVI withholding tax is imposed.

(f) The taxation of the Group's profit before taxation differs from the theoretical amount that would arise using the rates prevailing in the jurisdictions in which the Group operates as follows:

	Year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Loss before income tax	(265,133)	(1,064,049)
Tax calculated at Mainland China tax rate of 25%	(66,283)	(266,012)
Effect of different tax rate	3,151	17,908
Expenses not deductible for taxation purposes	9,779	183,890
Tax losses not recognized as deferred tax assets	73,706	87,716
Super deduction for research and development expenses	(20,353)	(23,502)
Income tax expense	–	–

(g) Deferred tax assets not recognized:

The Group has not recognized any deferred tax assets in respect of the following items:

	Year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Deductible losses	572,672	1,002,977

(h) Deductible losses that are not recognized as deferred tax assets will be expired during the Track Record Period are analysed as follows:

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
2021	–	–
2022	–	–
2023	–	–
2024	75,757	75,757
2025	–	134,188
Later than 2025	496,915	793,032
Unrecognized tax losses carried forward	572,672	1,002,977

The tax losses of the Company's Mainland China subsidiaries with the exception of those of CARsgen Therapeutics will expire within five years. CARsgen Therapeutics, as a High and New Technology Enterprise can carry forward losses for 10 years. The tax losses of the Company's other subsidiaries can be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

12 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss of the Group attributable to the equity holders of the Company by weighted average number of ordinary shares outstanding during the Track Record Period.

	Year ended December 31,	
	2019	**2020**
Loss attributable to the ordinary equity holders of the Company *(RMB'000)*	(265,133)	(1,064,049)
Weighted average number of ordinary shares outstanding *(in thousand)*	198,140	198,140
Basic loss per share *(RMB)*	(1.34)	(5.37)

The weighted average number of ordinary shares for the years ended December 31, 2020 and 2019 for the purpose of calculating the basic loss per share had been adjusted to account for the effect of the share subdivision of the capital of the Company (Note 21) and the issue of 2,476,745 ordinary shares without a corresponding change in resources (Note 21).

(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, 2019 and 2020, the Company had potential ordinary shares, including: financial instruments issued to investors (Note 28), share-based payments (Note 23), loans with conversion options (Note 10). As the Group incurred losses for the years ended December 31, 2019 and 2020, 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, 2019 and 2020 are the same as basic loss per share of the respective years.

13 PROPERTY, PLANT AND EQUIPMENT

Group:

	Building	Equipment	Electronic equipment	Furniture	Vehicle	Fixture	Leasehold Improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2019									
Cost	–	34,895	1,872	1,461	741	–	3,017	40,577	82,563
Accumulated depreciation	–	(10,293)	(649)	(654)	(360)	–	(309)	–	(12,265)
Net book amount	–	24,602	1,223	807	381	–	2,708	40,577	70,298

	Building	Equipment	Electronic equipment	Furniture	Vehicle	Fixture	Leasehold Improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2019									
Opening net book amount	–	24,602	1,223	807	381	–	2,708	40,577	70,298
Additions	36,823	25,030	1,900	433	–	–	–	27,961	92,147
Completion of construction in progress	–	29,480	–	–	–	37,217	–	(66,697)	–
Depreciation charges *(Note 8)*	–	(6,645)	(753)	(262)	(167)	–	(974)	–	(8,801)
Closing net book amount	36,823	72,467	2,370	978	214	37,217	1,734	1,841	153,644
As at December 31, 2019									
Cost	36,823	89,405	3,772	1,894	741	37,217	3,017	1,841	174,710
Accumulated depreciation	–	(16,938)	(1,402)	(916)	(527)	–	(1,283)	–	(21,066)
Net book amount	36,823	72,467	2,370	978	214	37,217	1,734	1,841	153,644
Year ended December 31, 2020									
Opening net book amount	36,823	72,467	2,370	978	214	37,217	1,734	1,841	153,644
Additions	–	2,048	575	101	–	87	–	–	2,811
Completion of construction in progress	–	1,841	–	–	–	–	–	(1,841)	–
Disposals	–	(33)	–	–	–	–	–	–	(33)
Depreciation charges *(Note 8)*	(1,841)	(15,075)	(856)	(317)	(91)	(7,472)	(1,140)	–	(26,792)
Closing net book amount	34,982	61,248	2,089	762	123	29,832	594	–	129,630
As at December 31, 2020									
Cost	36,823	93,106	4,347	1,995	741	37,304	3,017	–	177,333
Accumulated depreciation	(1,841)	(31,858)	(2,258)	(1,233)	(618)	(7,472)	(2,423)	–	(47,703)
Net book amount	34,982	61,248	2,089	762	123	29,832	594	–	129,630

As at December 31, 2020 and 2019, the Group's building with carrying values of RMB34,982,000 and RMB36,823,000 respectively were pledged for certain of the Group's borrowings (Note 25).

In 2019, the Group acquired building and land use right (Note 14) with total cost of approximately RMB43,921,000 from a third party seller. According to the agreement entered into by the Group and the local authorities, the third party seller or its designated entity has the right to repurchase the building and the land use right from the Group if the Company's subsidiary holding the building and the land use right failed to meet the minimum RMB8 million annual tax payment requirement from the third year of commencement of production. Total carrying amount of such building and land use right were approximately RMB43,921,000 and RMB41,924,000 respectively as at December 31, 2019 and 2020.

(a) Depreciation of the Group charged to profit or loss is analyzed as follows:

	Year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Administrative expenses	1,720	2,021
Research and development expenses	7,081	24,771
	8,801	26,792

14 LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognized in the consolidated statement of financial position

The Group leases land, offices and dormitory for its own use. Information about leases for which the Group is a lessee is presented below:

	Land use right	Offices and dormitory	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2019			
Cost	–	6,228	6,228
Accumulated depreciation	–	(1,621)	(1,621)
Net book amount	–	4,607	4,607
Year ended December 31, 2019			
Opening net book amount	–	4,607	4,607
Additions	7,098	11,469	18,567
Depreciation charge	–	(5,151)	(5,151)
Closing net book amount	7,098	10,925	18,023
As at December 31, 2019			
Cost	7,098	17,697	24,795
Accumulated depreciation	–	(6,772)	(6,772)
Net book amount	7,098	10,925	18,023

	Land use right	Offices and dormitory	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended December 31, 2020			
Opening net book amount	7,098	10,925	18,023
Additions	–	16,575	16,575
Depreciation charge	(156)	(7,303)	(7,459)
Closing net book amount	6,942	20,197	27,139
As at December 31, 2020			
Cost	7,098	34,272	41,370
Accumulated depreciation	(156)	(14,075)	(14,231)
Net book amount	6,942	20,197	27,139

As at December 31, 2020 and 2019, the Group's land use right with carrying values of RMB6,942,000 and RMB7,098,000 respectively was pledged as collateral for the Group borrowing (Note 25).

(ii) Amounts recognized in the consolidated statement of comprehensive loss

The consolidated statements of comprehensive loss contain the following amounts relating to leases:

	Year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Depreciation charge of right-to-use assets		
– Land use right	–	(156)
– Offices and dormitory	(5,151)	(7,303)
	(5,151)	(7,459)
Interest expenses *(Note 10)*	(466)	(376)
Expenses relating to short-term leases (included in administrative expenses and research and development expenses)	253	719
Expenses relating to variable lease payments not included in lease liabilities	–	–

The total cash outflow for leases in year 2020 and 2019 were RMB8,589 thousand and RMB12,984 thousand respectively.

15 INTANGIBLE ASSETS

	Computer software	**Patents**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2019			
Cost	319	54,800	55,119
Accumulated amortization	(29)	(21,920)	(21,949)
Net book amount	290	32,880	33,170
Year ended December 31, 2019			
Opening net book amount	290	32,880	33,170
Additions	818	–	818
Amortization charges *(Note 8)*	(137)	(5,480)	(5,617)
Closing net book amount	971	27,400	28,371
As at December 31, 2019			
Cost	1,137	54,800	55,937
Accumulated amortization	(166)	(27,400)	(27,566)
Net book amount	971	27,400	28,371

	Computer software	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended December 31, 2020			
Opening net book amount	971	27,400	28,371
Additions	1,008	–	1,008
Amortization charges *(Note 8)*	(378)	(5,480)	(5,858)
Closing net book amount	1,601	21,920	23,521
As at December 31, 2020			
Cost	2,145	54,800	56,945
Accumulated amortization	(544)	(32,880)	(33,424)
Net book amount	1,601	21,920	23,521

(a) Amortization of intangible assets has been charged to the consolidated statements of comprehensive loss as follows:

	Year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Administrative expenses	137	364
Research and development expenses	5,480	5,494
	5,617	5,858

16 OTHER NON-CURRENT ASSETS AND PREPAYMENTS

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Value added tax recoverable *(Note)*	10,773	9,338
Prepayments for purchase of property, plant and equipment	–	8,428
	10,773	17,766

Note: Value added tax recoverable are mainly input VAT on acquisition of Property, Plant and equipment and the research and development expenses. According to Announcement of the General Administration of Taxation and Customs of the Ministry of Finance on Policies for Deepening the Reform of Value-Added Tax (Announcement of the General Administration of Taxation and Customs of the Ministry of Finance, (2019) No. 39), entities with value added tax recoverable balance can, starting from April 1, 2019, apply for 60% refund on a semi-annual basis. Value added tax recoverable which are expected to be recovered within 12 months were recorded as other current assets and prepayments, and those which are expected to be recovered after 12 months were recorded as other non-current assets.

17 OTHER RECEIVABLES

Group

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Deposits	1,961	1,813
Others	821	605
	2,782	2,418

The carrying amounts of the Group's other receivables are denominated in following currencies.

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
RMB	2,565	1,816
USD	217	602
	2,782	2,418

None of the above assets is past due. The financial assets included in the above balances related to deposits and others for which there was no history of default and the expected credit losses are considered minimal.

The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above.

The carrying amounts of the Group's other receivables approximate their fair values.

Company

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Amounts due from subsidiaries	391,109	686,843

None of the above assets is past due. The financial assets included in the above balances related to amounts due from subsidiaries for which there was no history of default and the expected credit losses are considered minimal.

The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above.

The carrying amounts of the Company's receivables approximate their fair values.

18 OTHER CURRENT ASSETS AND PREPAYMENTS

Group

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Prepayments for listing expenses	–	979
Prepayments to suppliers	2,901	4,124
Value-added tax recoverable *(Note 16)*	12,841	5,305
	15,742	10,408

19 CASH AND CASH EQUIVALENTS

Group

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Cash at banks		
– RMB	20,049	121,393
– USD	76,427	921,576
	96,476	1,042,969

The carrying amount of cash and cash equivalents approximates their fair value.

Company

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Cash at banks		
– USD	10	918,987

20 FINANCIAL INSTRUMENTS BY CATEGORY

Group

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Financial assets at amortized costs:		
– Other receivables	2,782	2,418
– Cash and cash equivalents	96,476	1,042,969
	99,258	1,045,387

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Liabilities		
Financial liabilities at fair value:		
– Financial instruments issued to investors	937,412	2,745,584
Financial liabilities at amortized costs:		
– Borrowings-current	24,146	68,371
– Borrowings-non-current	16,358	11,981
– Accruals and other payables (excluding staff salaries and welfare payables, and payroll and other tax)	36,415	44,749
– Lease liabilities-current	5,857	5,890
– Lease liabilities-non-current	4,968	14,016
	1,025,156	2,890,591

Company

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Asset		
Financial assets at amortized costs:		
– Other receivables	391,109	686,843
– Cash and cash equivalents	10	918,987
	391,119	1,605,830
Liabilities		
Financial liabilities at fair value:		
– Financial instruments issued to investors	909,787	2,745,584

21 SHARE CAPITAL – GROUP AND COMPANY

Authorized:

	Number of shares	Nominal value of shares	RMB equivalent value
	In thousands	*USD*	*RMB'000*
Authorized shares upon incorporation *(Note (a))*	50,000,000	50,000	349
As at December 31, 2019	50,000,000	50,000	349
Share subdivision *(Note (b))*	150,000,000	–	–
As at December 31, 2020	200,000,000	50,000	349

Issued and fully paid:

	Number of ordinary shares	Nominal value	RMB equivalent value
	In thousands	*USD*	*RMB'000*
As at February 9, 2018 (date of incorporation)	–	–	–
Allotment of shares *(Note (a))*	47,058	47	–
As at December 31, 2018 and 2019	47,058	47	–
Allotment of shares *(Note (b))*	2,477	2	–
Share subdivision *(Note (b))*	148,605	–	–
As at December 31, 2020	198,140	49	–

Note(a): On February 9, 2018, the Company was incorporated in the Cayman Islands with an authorized share capital of USD50,000 divided into 50,000,000,000 ordinary shares with a par value of USD0.000001 each. At the time of incorporation, the Company allotted and issued one Share to the initial subscriber, Vistra (Cayman) Limited, which in turn on the same day transferred the one Share to YIJIE Biotech Holdings Limited ("YIJIE Biotech BVI") at par value USD0.000001.

On September 13, 2018, the Company issued 47,058,138 ordinary shares to YIJIE Biotech BVI at par value of USD0.000001.

Note(b): On September 11, 2020, the Company issued 2,476,745 ordinary shares to YIJIE Biotech BVI at par value of USD0.000001.

On September 11, 2020, the Company underwent a subdivision of shares whereby the Company's authorized share capital of USD50,000 was amended by re-designation from 50,000,000,000 ordinary shares at USD0.000001 par value each into 200,000,000,000 ordinary shares at USD0.00000025 par value each. Accordingly, the issued 49,534,884 shares were divided into 198,139,536 shares.

22 RESERVES

Group

	Capital reserve	Currency translation reserve	Other reserve	Share-based compensation	Total
	RMB'000 *Note(a)*	*RMB'000*	*RMB'000*	*RMB'000* *Note(b)*	*RMB'000*
Balance at January 1, 2019	54,800	(37,972)	12,912	10,211	39,951
Exchange differences on translation	–	(11,243)	–	–	(11,243)
Fair value changes relating to financial instruments issued to investors due to the Company's own credit risk	–	–	(4,485)	–	(4,485)
Share-based compensation *(Note 23)*	–	–	–	1,927	1,927
Balance at December 31, 2019	54,800	(49,215)	8,427	12,138	26,150
Balance at January 1, 2020	54,800	(49,215)	8,427	12,138	26,150
Exchange differences on translation	–	84,707	–	–	84,707
Fair value changes relating to financial instruments issued to investors due to the Company's own credit risk	–	–	34,104	–	34,104
Share-based compensation *(Note 23)*	–	–	–	1,714	1,714
Balance at December 31, 2020	54,800	35,492	42,531	13,852	146,675

(a) Capital reserve arose from the capital contribution of patents, which were recognized as intangible assets, from CARsgen Therapeutics's equity shareholder, Shanghai Yijie Bio-tech Co., Ltd. on the date of CARsgen Therapeutics's incorporation.

(b) Share-based compensation arose from share-based compensation granted to employees of the Group (Note 23).

Company

	Share premium	Currency translation reserve	Other reserve	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *Note (b)*	*RMB'000*
Balance at January 1, 2019	262,672	(3,979)	12,912	10,211	281,816
Exchange differences on translation	–	(2,342)	–	–	(2,342)
Fair value changes relating to financial instruments issued to investors due to the Company's own credit risk	–	–	(4,485)	–	(4,485)
Share-based compensation *(Note 23)*	–	–	–	1,927	1,927
Balance at December 31, 2019	262,672	(6,321)	8,427	12,138	276,916
Balance at January 1, 2020	262,672	(6,321)	8,427	12,138	276,916
Exchange differences on translation	–	29,024	–	–	29,024
Fair value changes relating to financial instruments issued to investors due to the Company's own credit risk	–	–	34,104	–	34,104
Share-based compensation *(Note 23)*	–	–	–	1,714	1,714
Balance at December 31, 2020	262,672	22,703	42,531	13,852	341,758

23 SHARE-BASED PAYMENTS

(a) Employee Stock option

The Group adopted a number of employee stock option plans to provide long-term incentives for its employees and directors of the Group to deliver long-term shareholder returns. Under the plans, participants are granted options which only vest if certain conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

As at December 31, 2018, the Group has the following Stock Option Schemes outstanding:

Stock Option Scheme executed by CARsgen Therapeutics	Number of options outstanding	Exercise Price per option
		(RMB)
2016 Stock Option Scheme ("2016 Plan")	28,753,739	0.10
2017 Stock Option Scheme ("2017 Plan")	2,682,529	0–1.34
2018 Stock Option Scheme ("2018 Plan")	4,261,052	0–2.30
Total	35,697,320	0–2.30

The 2016 Plan, 2017 Plan and the 2018 Plan all have a vesting period of 3 years from the grant date.

Pursuant to the resolution dated January 25, 2019, a new Employee Incentive Plan adopted by the Company was effective, replacing the original 2016 Plan, 2017 Plan and 2018 Plan adopted by CARsgen Therapeutics. The eligible participants thereunder are deemed persons eligible to receive Share Options under the newly adopted plan with the same terms and conditions except for the following changes.

Under the new Employee Incentive Plan, those grant options can be vested in several tranches with the following vesting schedule: 25% of the stock option can be vested on the first anniversary of the vesting commencement date and the remaining 75% are to be vested monthly thereafter in 36 equal monthly installments.

The granted option under new Employee Incentive Plan shall not be exercisable until (i) the occurrence of the earliest of (A) the first sale of Shares to the general public upon the closing of an underwritten public offering, (B) a Change in Control in which the successor entity has equity securities publicly traded on an internationally-recognized stock exchange, or (C) upon such date that the Option may be legally exercised pursuant to applicable securities laws, as evidenced by a legal opinion provided to and approved by the Board.

During the Track Record Period, the Group adopted the following stock option plans to certain employees and directors of the Group, as rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries.

Stock Option Scheme executed by the Company	Number of options granted	Exercise Price per option
		(USD)
2019 Stock Option Scheme ("2019 Plan")	245,018	0–3.60
2019 Additional Stock Option Scheme ("2019 Additional Plan")	1,441,701	0–3.60
2020 Stock Option Scheme ("2020 Plan")	215,021	0–5.58

The following table summarizes the Group's stock option activities during the Track Record Period.

	Year ended December 31,			
	2019		2020	
	Average exercise price per share option	Number of stock options	Average exercise price per share option	Number of stock options
	USD		*USD*	
Outstanding as at beginning of the year	0.03	35,697,320	1.55	5,159,597
Change of execution entity of employee stock option *(Note)*	–	(32,188,864)	–	–
Granted during the year	3.46	1,686,719	4.88	215,021
Forfeited during the year	2.82	(35,578)	3.45	(271,571)
Subdivision during the year *(Note 21)*	–	–	–	15,309,140
Outstanding as at year end	1.55	5,159,597	0.35	20,412,187

The conversion ratio between the original 2016 plan, 2017 plan and 2018 plan to the new Employee Incentive Plan was approximately 1:0.098, which reflects the same percentage of interests in the entity.

As at December 31, 2019 and 2020, no stock option is exercisable.

Stock options outstanding at the end of the year have the following information:

Grant date	Exercise price	Number of stock options outstanding December 31, 2019	Exercise price	Number of stock options outstanding December 31, 2020
March 31, 2016	USD0.16	2,826,018	USD0.04	11,304,070
March 31, 2017	USD0 – 2.08	259,418	USD0 – 0.52	1,027,321
March 31, 2018	USD0 – 3.56	396,671	USD0 – 0.90	1,516,965
March 31, 2019	USD0 – 3.60	242,120	USD0 – 0.90	859,048
October 20, 2019	USD3.60	1,435,370	USD0.90	4,844,697
March 31, 2020		–	USD0 – 1.39	860,086
Total		5,159,597		20,412,187

(b) Fair value of stock option granted

The assessed fair value at grant date of options granted during the Track Record Period was as follows:

Stock Option Scheme executed by the Company	Fair value as at grant date
	(RMB'000)
2019 Plan	720
2019 Additional Plan	3,450
2020 Plan	538

The fair value at grant date is independently determined using an adjusted Binomial option-pricing model that takes into account the exercise price, fair value of ordinary shares at the grant date, the term of the option, the expected price volatility, the expected dividend yield, the risk free interest rate.

The model inputs for options granted during the Track Record Period are:

	2019 Plan	2019 Additional Plan	2020 Plan
Exercise price	USD0 – 3.60	USD0 – 3.60	USD0 – 1.39
Risk-free interest rate	2.5%	1.8%	0.7%
Volatility	48.12%	46.80%	46.28%
Expected dividend yield	Nil	Nil	Nil

The directors estimated the risk-free interest rate based on the yield of curve of US Treasury strips with a maturity life close to the life of stock option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the stock option. Dividend yield is based on the directors' estimation at the grant date.

(c) Expenses arising from share-based payment transactions

Expenses for the share-based payments have been charged to the consolidated statements of comprehensive loss as follows:

	Year ended December 31,	
	2019	2020
	RMB'000	*RMB'000*
Administrative expenses	463	411
Research and development expenses	1,464	1,303
Total	1,927	1,714

24 DIVIDEND

No dividend was declared or paid by the Company or the companies now comprising the Group during each of the years ended December 31, 2019 and 2020.

25 BORROWINGS

Group

	As at December 31,	
	2019	2020
	RMB'000	*RMB'000*
Non-current		
Secured bank borrowings	16,358	11,981
Current		
Unsecured borrowings	20,000	64,000
Secured bank borrowings	4,146	4,371
	24,146	68,371
Total Borrowings	40,504	80,352

As at December 31, 2019 and 2020, the Group's bank borrowings of approximately RMB20 million and RMB16 million respectively are pledged by property, plant and equipment and right-of-use assets of the Group (Notes 13 and 14).

At December 31, 2019 and 2020, the Group's borrowings were repayable as follows:

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Within 1 year	24,146	68,371
Between 1 and 2 years	4,377	4,603
Between 2 and 3 years	4,603	4,838
Between 3 and 4 years	4,838	2,540
Between 4 and 5 years	2,540	–
	40,504	80,352

The weighted average effective interest rates at each balance sheet date were as follows:

	As at December 31,	
	2019	**2020**
Bank borrowings – RMB	5.84%	5.54%

The fair values of the borrowings approximate their carrying amounts as the discounting impact is not significant.

As at December 31, 2019, the Group has no unutilized bank facility.

As at December 31, 2020, the Group has unutilized bank facility of RMB14,000,000.

26 LEASE LIABILITIES

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Minimum lease payments due		
– Within 1 year	6,165	6,610
– Between 1 and 2 years	3,898	4,894
– Between 2 and 5 years	1,259	10,449
	11,322	21,953
Less: future finance charges	(497)	(2,047)
Present value of lease liabilities	10,825	19,906
Less: Current portion Lease liabilities	(5,857)	(5,890)
Non-current portion of lease liabilities	4,968	14,016

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
– Within 1 year	5,857	5,890
– Between 1 and 2 years	3,729	4,401
– Between 2 and 5 years	1,239	9,615
Present value of lease liabilities	10,825	19,906

The Group leases land-use-right and properties. Lease on land-use-right has been fully paid and lease on properties were measured at net present value of the lease payments to be paid during the lease terms.

Lease liabilities were discounted at incremental borrowings rates of the Group.

For the total cash outflows for leases including payments of lease liabilities and payments of interest expenses on leases are disclosed in Note 14.

27 DEFERRED INCOME

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Non-current	15,719	13,167
Current	702	3,591
	16,421	16,758

Note: Deferred income represented government grants received relating to property, plant and equipment to be recognized over the estimated useful lives of the related assets and government grant received relating to costs to be recognized over the period necessary to match the costs they are intended to compensate.

28 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

Group

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Current		
Series A	145,024	–
Series B	326,555	–
Series Pre-C	465,833	–
	937,412	–
Non-current		
Series A	–	348,435
Series B	–	512,095
Series Pre-C	–	648,207
Series C1	–	479,682
Series C2	–	757,165
	–	2,745,584
	937,412	2,745,584

Company

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Current		
Series A	145,024	–
Series B	326,555	–
Series Pre-C	438,208	–
	909,787	–
Non-current		
Series A	–	348,435
Series B	–	512,095
Series Pre-C	–	648,207
Series C1	–	479,682
Series C2	–	757,165
	–	2,745,584
	909,787	2,745,584

The key terms of these financial instruments are summarized as follows:

Series A Preferred Shares

In 2014, CARsgen Therapeutics issued 10,000,000 shares of Preferred Shares to one Series A investor at cash consideration of RMB10 million. Pursuant to the Article of Association entered into after the Series Pre-C Preferred Share, the Series A Investor is entitled to replace its investment in CARsgen Therapeutics with investment in the Company by executing the right to purchase 12,383,721 preferred shares of the Company at an exercise price equal to the USD equivalent of the original RMB investment amount such Series A Investor has invested into CARsgen Therapeutics ("Series A Preferred Shares"). The 12,383,721 preferred shares were subdivided into 49,534,884 shares in 2020.

Series B Preferred Shares

In 2016, CARsgen Therapeutics issued 11,737,089 shares of Preferred Shares to Series B Investors at cash consideration of RMB198 million. Pursuant to the Article of Association entered into after the Series Pre-C Preferred Share, Series B Investor is entitled to replace their investment in CARsgen Therapeutics with the investment in the company by reduction of capital of RMB11.7 million and executing the right to purchase 14,534,883 preferred shares of the Company at an exercise price equal to the USD equivalent of the capital reduction in CARsgen therapeutics ("Series B Preferred Shares"). The 14,534,883 preferred shares were subdivided into 58,139,532 shares in 2020.

Series Pre-C Preferred Shares

In 2018, the Company entered into Series Pre-C preferred shares subscription agreement to issue 16,666,667 shares of Series Pre-C Preferred Shares at cash consideration of USD60 million (equivalent to RMB398 million approximately). As certain Series Pre-C prefered shares investors had not yet obtained outbound direct investments (ODI) approval for the suscription of their respective preferred shares, these investors paid the consideration with the amount of RMB269,750 thousand to CARsgen Therapeutics in the form of a loan in exchange for warrants convertible to the corresponding Series Pre-C Preferred Shares of the Company. Upon receiving the ODI approvals, these investors redeemed their loans with the amount of RMB242,125,000 and RMB27,625,000 in 2019 and 2020 respectively from CARsgen Therapeutics and exercised the warrants of conversion into the Company's preferred shares. As of December 31, 2020, all the convertible loans had been converted into Preferred Shares of the Company. For other Series Pre-C preferred shares investors, the Company issued preferred shares directly. The 16,666,667 shares were subdivided into 66,666,668 shares in 2020.

Series C1 Preferred Shares

In 2020, the Company issued 31,111,110 shares of Series C1 Preferred Shares to Series C1 Investors at cash consideration of USD70 million (equivalent to RMB498 million approximately).

Series C2 Preferred Shares

In 2020, the Company issued 46,400,000 shares of Series C2 Preferred Shares to Series C2 Investors at cash consideration of USD116 million (equivalent to RMB786 million approximately).

Terms of Preferred shares

(a) Conversion right of the Preferred Shares

The holders of the Preferred Shares shall have the following rights described below with respect to the conversion of the Preferred Shares into Ordinary Shares.

(i) Optional Conversion

At any time and from time to time after the date of issuance of such Preferred Share, without the payment of additional consideration thereof, the holder of any Preferred Shares shall have the right, at its option, to convert, all or any portion of its Preferred Shares into one or more fully-paid and non-assessable Ordinary Shares at the then applicable conversion rate (the "Conversion Rate"), in effect on the date the certificate is surrendered for conversion.

(ii) Automatic Conversion

Upon the closing of a qualified initial public offering stated in the relevant documents, each of the then outstanding Preferred Shares shall be automatically converted into one or more Ordinary Shares calculated by multiplying the number of the Preferred Shares to be so converted by the applicable Conversion Rate as then in effect.

"Qualified IPO" is defined as a firm commitment underwritten public offering of the Ordinary Shares of the Company (or depositary receipts or depositary shares therefore) on the Shanghai Securities Exchange, Shenzhen Securities Exchange, Hong Kong Exchange, National Association of Securities Dealers Automated Quotations, New York Stock Exchange or other stock exchanges as approved by the Board of Directors.

(b) Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, distribution to the shareholders of the Company shall be made in the following manner:

(i) Before any distribution or payment shall be made to the ordinary shareholders, any Series A Preferred Shares, any Series B Preferred Shares, any Series Pre-C Preferred shares, each holders of Series C Preferred Shares shall be entitled to receive liquidation preference.

(ii) After distribution or payment in full of the Series C preferred Shares liquidation preference, before any distribution or payment shall be made to any holder of any other class or series of shares of the Company (other than the Series C Preferred Shares), each holders shall be entitled to receive liquidation preference.

(iii) After distributing or paying in full the liquidation preference amount to all of the preferred shareholders, the remaining assets of the Company available for distribution to members, if any, shall be distributed to the holders of ordinary shares.

(c) Redemption right

Upon the issuance of Pre-C Preferred Shares, the Series Pre-C Preferred Shares Investors, together with the Series A and Series B Preferred Share Investors agreed with the Company that if the Company fails to complete the Qualified IPO on or before fourth (4th) year anniversary of the closing date of the series B financing of CARsgen Therapeutics, the aforementioned Investors would have the right to redeem their preferred shares. The redeemable price would equal to the relevant Original Issue Price plus 10%, 15% and 20% annual Internal rate of return ("IRR") under the different scenarios provided. Due to the existence of obligation of repurchase, the relevant financial instruments issued to Investors were presented as current liabilities as at December 31, 2019.

Upon the issuance of Series C1 Preferred shares, the redemption terms of preference shares were updated. According to the new redemption terms, if the Company fails to complete the Qualified IPO on or before third (3rd) anniversary of the closing dates of the series C1 financing, the Company's Preferred Share Investors are entitled to redeem their preferred shares. The redemption price for each Preferred Shares shall be as follows (a) For each Series C Preferred Shares to be redeemed, the redemption price shall be a price per such Series C Preferred Share which shall equal to the higher of (aa) the consolidated net assets of the Company in proportion to each Preferred Share in all the outstanding shares of the Company, calculated on an an-converted and fully-diluted shares of the Company, calculated on an as-converted and fully diluted basis; and (bb) the sum of the applicable original issue price plus 10% annual internal rate of return, plus all accrued or declared but unpaid dividends on each such Preferred Share. For each other series of Preferred Shares, the redemption price shall equal to the sum of the applicable original issue price plus 10% annual internal rate of return. Based on the revised terms on redemption right, the relevant financial instruments issued to Investors were presented as non-current liabilities as at December 31, 2020.

Movements of financial instruments issued to investors for the years ended December 31, 2019 and 2020 are set out below:

Group

	Series A	Series B	Series Pre-C	Series C1	Series C2	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019	142,517	307,193	433,727	–	–	883,437
Changes in fair value recognized in profit or loss	745	13,817	23,713	–	–	38,275
Changes in fair value recognized in other comprehensive loss	2	1,639	2,844	–	–	4,485
Currency translation difference – recognized in equity	1,760	3,906	5,549	–	–	11,215
At December 31, 2019	145,024	326,555	465,833	–	–	937,412
At January 1, 2020	145,024	326,555	465,833	–	–	937,412
Issuance	–	–	–	497,724	785,841	1,283,565
Changes in fair value recognized in profit or loss	225,144	227,750	237,830	13,064	20,499	724,287
Changes in fair value recognized in other comprehensive loss	(487)	(9,969)	(14,178)	(3,644)	(5,826)	(34,104)
Currency translation difference – recognized in equity	(21,246)	(32,241)	(41,278)	(27,462)	(43,349)	(165,576)
At December 31, 2020	348,435	512,095	648,207	479,682	757,165	2,745,584

Company

	Series A	Series B	Series Pre-C	Series C1	Series C2	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	132,517	295,456	163,977	–	–	591,950
Cash injection upon investors' obtaining ODI approval	10,000	11,737	242,125	–	–	263,862
Changes in fair value recognized in profit or loss	745	13,817	23,713	–	–	38,275
Changes in fair value recognized in other comprehensive loss	2	1,639	2,844	–	–	4,485
Currency translation difference – recognized in equity	1,760	3,906	5,549	–	–	11,215
At 31 December 2019	145,024	326,555	438,208	–	–	909,787

	Series A	Series B	Series Pre-C	Series C1	Series C2	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	145,024	326,555	438,208	–	–	909,787
Issuance	–	–	–	497,724	785,841	1,283,565
Cash injection upon investors' obtaining ODI approval	–	–	27,625	–	–	27,625
Changes in fair value recognized in profit or loss	225,144	227,750	237,830	13,064	20,499	724,287
Changes in fair value recognized in other comprehensive loss	(487)	(9,969)	(14,178)	(3,644)	(5,826)	(34,104)
Currency translation difference – recognized in equity	(21,246)	(32,241)	(41,278)	(27,462)	(43,349)	(165,576)
At 31 December 2020	348,435	512,095	648,207	479,682	757,165	2,745,584

The movements of preferred shares and convertible loan for the years ended December 31, 2019 and 2020 are set out below:

Group

	Preferred Shares	Convertible loan	Total
	RMB'000	*RMB'000*	*RMB'000*
On January 1, 2019	583,443	299,994	883,437
Conversion to preferred shares	289,204	(289,204)	–
Changes in fair value recognized in profit or loss	16,068	22,207	38,275
Changes in fair value recognized in other comprehensive loss	4,485	–	4,485
Currency translation difference – recognized in equity	11,215	–	11,215
On December 31, 2019	904,415	32,997	937,412
On January 1, 2020	904,415	32,997	937,412
Issuance	1,283,565	–	1,283,565
Conversion to preferred shares	32,997	(32,997)	–
Changes in fair value recognized in profit or loss	724,287	–	724,287
Changes in fair value recognized in other comprehensive loss	(34,104)	–	(34,104)
Currency translation difference – recognized in equity	(165,576)	–	(165,576)
On December 31, 2020	2,745,584	–	2,745,584

Preferred shares and convertible loan were measured at fair value. Fair value of the convertible loan listed in the above table included fair value of the loan and the attached warrants on conversion into the Company's preferred shares.

The Company has engaged an independent valuer to determine the fair value of the financial instruments issued to investors. The discounted cash flow method was used to determine the total equity value of the Group and then equity allocation model was adopted to determine the fair value of the financial instruments issued to investors as of the dates of issuance and at the end of each reporting period. Key valuation assumption used to determine the fair value of the financial instruments issued to investors as follows:

Unobservable inputs	December 31, 2019	December 31, 2020	Relationship of unobservable inputs to fair value
Discount rate	18.0%	18.0%	The higher the discount rate, the lower the fair value of financial instrument to investors.
Volatility	44.04%	46.33%	The higher the volatility, the lower the fair value of financial instruments issued to investors.
IPO Possibility	40%	50%	The higher the IPO possibility, the lower the fair value of financial instruments issued to investors.

As of December 31, 2019, Increasing/Decreasing expected volatility by 5% would decrease/increase the fair value of financial instruments by RMB3,205,000 and RMB3,118,000 respectively. Increasing/Decreasing discount rate by 1% would decrease/increase the fair value by RMB26,458,000 and RMB27,007,000 respectively.

As of 31 December 2020, Increasing/Decreasing expected volatility by 5% would decrease/increase the fair value of financial instruments by RMB8,043,000 and RMB7,915,000 respectively. Increasing/Decreasing discount rate by 1% would decrease/increase the fair value by RMB51,784,000 and RMB53,068,000 respectively.

29 ACCRUALS AND OTHER PAYABLES

	As at December 31,	
	2019	2020
	RMB'000	*RMB'000*
Accrued expenses	21,528	33,903
Payables for acquisition of property, plant and equipment	8,146	2,244
Payables for research and development consumables	5,504	2,367
Staff salaries and welfare payables	16,343	20,825
Listing expenses payable	–	5,190
Other taxes payable	495	1,805
Interest payables	175	209
Others	1,062	836
Total	53,253	67,379

The carrying amounts of accruals and other payables of the Group are denominated in the following currencies:

	As at December 31,	
	2019	2020
	RMB'000	*RMB'000*
RMB	42,944	30,320
USD	10,309	37,060
Total	53,253	67,380

30 CASH FLOW INFORMATION

(a) Reconciliation of loss before income tax to net cash used in operation

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Loss before income tax	(265,133)	(1,064,049)
Adjustments for		
– Depreciation *(Note 13)*	8,801	26,792
– Amortization *(Note 14 and 15)*	10,768	13,317
– Share-based compensation expenses *(Note 23)*	1,927	1,714
– Finance (income)/costs – net *(Note 10)*	(542)	12,717
– Net foreign exchange loss/(gain) *(Note 7)*	–	(21,623)
– Fair value losses on financial instruments issued to investors	38,275	724,287
– Interest income from financial asset	(1,482)	–
– Government grants relating to assets	(331)	(2,552)
– Others	–	33
	(207,717)	(309,364)
Changes in working capital:		
– (Increase)/Decrease in other receivables	(2,329)	364
– Decrease/(increase) in other current assets and prepayment	11,315	(6,504)
– Increase in accruals and other payables	29,561	14,681
– Increase in deferred income on government grants (excluding those relating to acquisition of non-current assets)	158	2,889
– (Increase)/decrease in other non-current assets and prepayments	(11,421)	2,021
Cash used in operations	(180,433)	(295,913)

(b) Reconciliation of liabilities from financing activities

	Financial instruments issued to investors	Lease Liabilities	Borrowings and interest payables	Total
	RMB'000	*RMB'000*	*RMB'000*	
January 1, 2019	883,437	4,523	–	887,960
Cash flows	–	(12,731)	40,258	27,527
New lease agreement entered into	–	18,567	–	18,567
Interest expenses	–	466	421	887
Fair value losses	38,275	–	–	38,275
Fair value changes relating to financial instruments issued to investors due to own credit risk	4,485	–	–	4,485
Currency translation differences	11,215	–	–	11,215
At December 31, 2019	937,412	10,825	40,679	988,916

	Financial instruments issued to investors	Loans with conversion option	Lease Liabilities	Borrowings and interest payables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
January 1, 2020	937,412	–	10,825	40,679	988,916
Cash flows	1,283,565	(10,095)	(7,870)	36,873	1,302,473
New lease agreement entered into	–	–	16,575	–	16,575
Interest expenses	–	10,095	376	3,009	13,480
Fair value losses	724,287	–	–	–	724,287
Fair value changes relating to financial instruments issued to investors due to the Company's own credit risk	(34,104)	–	–	–	(34,104)
Currency translation differences	(165,576)	–	–	–	(165,576)
At December 31, 2020	2,745,584	–	19,906	80,561	2,846,051

31 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for by the Group at the end of the reporting period but not yet incurred is as follows:

	As at December 31,	
	2019	2020
	RMB'000	*RMB'000*
Property, plant and equipment	1,239	8,471

(b) Operating lease commitments – where the Group is the lessee

The 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,	
	2019	**2020**
	RMB'000	*RMB'000*
No later than 1 year	29	154

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related in 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, 2019 and 2020 respectively, and balances arising from related party transactions as at December 31, 2019 and 2020 respectively.

The major related parties that had transactions and balances with the Group were as follows:

Name of related parties	**Relationship with the Group**
Dr. Li	Chairman and executive director
Huaqing Guo	Executive director
Xiaojing Guo	Immediate family member of executive director

(a) Key management compensation

The directors are regarded as the key management of the Group. The compensation paid or payable to the key management for employment services is disclosed in Note 9.

(b) Transactions with related parties

- In 2020, CARsgen Therapeutics entered into financial instrument agreements with three preference shareholders with the total amount of RMB73 million and repaid the amount in full together with interest expense of RMB7.3 million in the same year to settle the financial instrument (Note 28).

- In 2019, the Group lent RMB1.2 million to Dr. Li from the period from July 30, 2019 to November 29, 2019 and earned interest income of RMB4,270 at interest rate of 1.26% per annum.

33 INVESTMENT IN SUBSIDIARIES – COMPANY

	As at December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Deemed investment arising from share-based compensation expenses	12,138	13,852
Investment in subsidiaries	652,045	591,157
	664,183	605,009

34 CONTINGENCIES

Save as disclosed elsewhere in the Accountant's Report, the Group did not have any material contingent liabilities as at December 31, 2019 and 2020.

35 SUBSEQUENT EVENTS

On January 25, 2021, the Company issued 2,984,444 Series C+ Preferred Shares at cash consideration of USD10 million.

On May 11, 2021, the Company allotted and issued 12,497,947 and 7,125,575 ordinary shares respectively at par to Carfa Unity Limited and Carfe Unity Limited, both of which are vehicles holding shares to facilitate the transfer upon vesting of the relevant employee stock options.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2020 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2020.

The information set out in this Appendix II does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this Prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this Prospectus and the Accountant's Report set out in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the owners of the Company as at December 31, 2020 as if the Global Offering had taken place on December 31, 2020.

The unaudited pro forma statement of 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 consolidated net tangible assets of the Group had the Global Offering been completed as of December 31, 2020 or any future date. It is prepared based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at December 31, 2020 as derived from the Accountant's Report, set out in Appendix I to this Prospectus and adjusted as described below.

	Audited Consolidated Net Tangible Liabilities of the Group Attributable to Owners of the Company as at December 31, 2020	**Estimated impact to the consolidated net tangible assets upon conversion of the Series A, Series B, Series Pre-C, Series C-1 and Series C-2 Preference Shares**	**Estimated Net Proceeds from the Global Offering**	**Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Attributable to Owners of the Company as at December 31, 2020**	**Unaudited Pro Forma Adjusted Net Tangible Assets per Share**	
	Note 1	*Note 2*	*Note 3*		*Note 4*	*Note 5*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on Offer Price of HK$29.60 per Share	(1,699,649)	2,745,584	2,184,267	3,230,202	5.93	7.21
Based on Offer Price of HK$32.80 per Share	(1,699,649)	2,745,584	2,423,734	3,469,669	6.37	7.74

Notes:

1. The audited consolidated net tangible assets attributable to owners of the Company as at December 31, 2020 is extracted from the historical financial information contained in the Accountant's Report set forth in Appendix I to this Prospectus, which is based on the audited consolidated net liabilities of the Group attributable to the owners of the Company as at December 31, 2020 of approximately RMB1,676,128,000 with an adjustment for the intangible assets attributable to equity holders of the Company as at December 31, 2020 of approximately RMB23,521,000.

2. The Company's Series A Preferred Shares, Series B Preferred Shares, Series Pre-C Preferred Shares, Series C-1 Preferred Shares and Series C-2 Preferred Shares are all required to be converted into ordinary shares upon the Listing. The adjustment represents the impact of the conversion of all these preferred shares into ordinary shares, issued up to the date of this Prospectus, on the net tangible assets attributable to the equity holders. The estimated impact is RMB2,745,584,000, being the carrying amount of the Company's Series A Preferred Shares, Series B Preferred Shares, Series Pre-C Preferred Shares, Series C-1 Preferred Shares and Series C-2 Preferred Shares as of December 31, 2020.

3. The estimated net proceeds from the Global Offering are based on the Offer Price range of HK$29.60 per Share and HK$32.80 per Share, respectively after deduction of the underwriting fees and other related expenses paid/payable by the Company, excluding listing expenses of approximately RMB4,323,000 which has been accounted for in the consolidated statements of comprehensive income up to December 31, 2020. It does not take account of any Shares which may be issued upon the exercise of the Over-Allotment Option, 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 adjustments mention in note 1 to 3 and on the basis that 544,738,730 Shares (including the completion of the conversion of the preferred shares into ordinary shares as mentioned above and to be effective upon Listing) were in issue assuming that the Global Offering had been completed on December 31, 2020 without taking into account of the 2,984,444 Series C+ Preferred Shares issued on January 25, 2021, any Shares which may be issued upon the exercise of the Over-Allotment Option, 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, the balances stated in Renminbi are converted into Hong Kong dollars at a rate of RMB0.8228 to HK$1.00. 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 the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2020. In particular, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company does not take into account the 2,984,444 Series C+ Preferred Shares of US$10,000,000 (equivalent to approximately RMB64,536,000) issued on January 25, 2021. Had such issue of Series C+ Preferred Shares been taken into account, the unaudited pro forma adjusted net tangible assets per Share would be HK$7.31 and HK$7.84, assuming the Offer Price of HK$29.60 per Share and HK$32.80 per Share respectively and on the basis that 547,723,174 shares (including the completion of the conversion of the preferred shares into ordinary shares as mentioned above) were in issue assuming that the Global Offering had been completed on December 31, 2020 without taking into account of any Shares which may be issued upon the exercise of the Over-Allotment Option, any Shares which may be issued under the Equity Incentive Plan 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.

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 CARsgen Therapeutics Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CARsgen Therapeutics Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at December 31, 2020, 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 June 7, 2021, in connection with the proposed initial public offering of the shares of the Company (the "Prospectus"). 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 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at December 31, 2020 as if the proposed initial public offering had taken place at December 31, 2020. 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 year ended December 31, 2020, 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").

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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 initial public offering at December 31, 2020 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.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors 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, June 7, 2021

PRINCIPAL TAXATION OF OUR GROUP BY THE PRC

Regulations on Enterprise Income Tax

Pursuant to *the PRC Enterprise Income Tax Law* (《中華人民共和國企業所得税法》) effective as of January 1, 2008 and latest amended on December 29, 2018, the income tax rate for both domestic and foreign-invested enterprises is 25% with certain exceptions. As for enterprises qualified as "high and new technological enterprises", the applicable income tax rate shall be reduced to 15%. To clarify certain provisions in the *PRC Enterprise Income Tax Law*, the State Council promulgated the *Implementation Rules of the Enterprise Income Tax Law* (《中華人民共和國企業所得税法實施條例》) on December 6, 2007, which was latest amended and became effective on April 23, 2019. Under the *PRC Enterprise Income Tax Law* and *the Implementation Rules of the PRC Enterprise Income Tax Law*, enterprises are classified as either "resident enterprises" or "non-resident enterprises." Aside from enterprises established within the PRC, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and are subject to the uniform 25% enterprise income tax rate for their global income. In addition, the *PRC Enterprise Income Tax Law* provides that a non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within the PRC, but has an establishment or place of business in the PRC, or does not have an establishment or place of business in the PRC but has income sourced within the PRC.

The *Implementation Rules of the PRC Enterprise Income Tax Law* provide that since January 1, 2008, an income tax rate of 10% shall normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which the non-PRC shareholders reside.

According to the *Notice of the State Administration of Taxation on Delivering the Table of Negotiated Dividends and Interest Rates to Lower Levels* (《關於下發協定股息税率情況一覽表的通知》) issued on January 29, 2008, latest revised on February 29, 2008, and the *Arrangement between Mainland China and the 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税和防止偷漏税的安排》), or Double Tax Avoidance Arrangement, the withholding tax rate in respect of the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise and certain other conditions are met, including: (i) the Hong Kong enterprise must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) the Hong Kong enterprise must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. However, based on the *Circular on Certain Issues with Respect to the Enforcement*

of Dividend Provisions in Tax Treaties (《關於執行税收協定股息條款有關問題的通知》) issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the *Announcement on Certain Issues with Respect to the "Beneficial Owner" in Tax Treaties* (《關於税收協定中"受益所有人"有關問題的公告》) issued by the SAT on February 3, 2018 and effective from April 1, 2018, if an applicant's business activities do not constitute substantive business activities, it could result in the negative determination of the applicant's status as a "beneficial owner", and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Regulations on Value Added Tax

Pursuant to the *Provisional Regulations of the PRC on Value-added Tax* (《中華人民共和國增值税暫行條例》), promulgated by the State Council on December 13, 1993 and latest amended on November 19, 2017, the *Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax* (《中華人民共和國增值税暫行條例實施細則》), promulgated by the Ministry of Finance and the SAT on December 25, 1993 and latest amended and came into effect on November 1, 2011 (collectively, the "VAT Law"), all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, and the importation of goods within the territory of the PRC must pay value added tax ("VAT"). On November 19, 2017, the State Council promulgated the *Decisions on Abolition of the Provisional Regulations of the PRC on Business Tax and Revision of the Provisional Regulations of the PRC on Value-added Tax* (《關於廢止<中華人民共和國營業税暫行條例>和修改<中華人民共和國增值税暫行條例>的決定》), or Order 691. According to the VAT Law and Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, sales of services, intangible assets, real property, and the importation of goods within the territory of the PRC must pay VAT. The VAT tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%. The *Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates* (《財政部、國家税務總局關於調整增值税税率的通知》), or the Notice, was promulgated on April 4, 2018 and came into effect on May 1, 2018. According to the Notice, the VAT tax rates of 17% and 11% are changed to 16% and 10%, respectively. On March 20, 2019, the Ministry of Finance, State Taxation Administration and General Administration of Customs jointly promulgated the *Announcement on Policies for Deeping the VAT Reform* (《關於深化增值税改革有關政策的公告》), or Notice 39, which came into effect on April 1, 2019. Notice 39 further changes the VAT tax rates of 16% and 10% to 13% and 9% respectively.

Laws and Regulations on Importing and Exporting of Goods

Pursuant to the *Customs Law of the PRC* (《中華人民共和國海關法》) which was promulgated by Standing Committee of the NPC on January 22, 1987 and became effective as of July 1, 1987, and latest amended on November 4, 2017 and came into force on November 5, 2017, the import of goods throughout the period from the time of arrival in the territory of China to the time of customs clearance, the export of goods throughout the period from the time of declaration to the customs to the time of departure from the territory of China, and the transit, transshipment and through-shipment goods throughout the period from the time of arrival in the territory of China to the time of departure from the territory of China shall be subject to customs control.

Pursuant to the *Foreign Trade Law of the PRC* (《中華人民共和國對外貿易法》) which was promulgated by the SCNPC on May 12, 1994 and became effective as of July 1, 1994, and latest amended and came into force on November 7, 2016, any foreign trade business operator that is engaged in the import and export of goods or technology shall be registered for archival purposes with the administrative authority of foreign trade of the State Council or the institution entrusted thereby, unless it is otherwise provided for by any law, administrative regulation or the foreign trade department of the State Council. Where any foreign trade business operator that fails to file for archival registration according to relevant provisions, the customs may not handle the procedures of customs declarations and release of the import or export goods.

Pursuant to the *Administrative Provisions on the Registration of Customs Declaration Entities of the PRC* (《中華人民共和國海關報關單位註冊登記管理規定》) which was promulgated by the General Administration of Customs on and became effective as of March 13, 2014, and latest amended on May 29, 2018 and came into force on July 1, 2018, the import and export of goods shall be declared by the consignor or consignee itself, or by a customs declaration enterprise entrusted by the consignor or consignee and duly registered with the customs authority. Consignors and consignees of imported and exported goods shall go through customs declaration entity registration formalities with the competent customs departments in accordance with the applicable provisions. After completing the registration formalities with the customs, consignors, and consignees of the imported and exported goods may handle their own customs declarations at customs ports or localities where customs supervisory affairs are concentrated within the customs territory of the PRC.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of our Shares. However, trading gains from the sale of our Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of our Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of our Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of our Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including our Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving our Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of our Shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE

The *PRC Foreign Exchange Administration Regulations* (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, which was latest amended on August 5, 2008, are the principal regulations governing foreign currency exchange in China. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, may be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. In contrast, approval from or registration with appropriate

government authorities or designated banks is required when RMB is to be converted into a foreign currency and remitted out of China to pay capital expenses such as the repayment of foreign currency-denominated loans.

Under current regulations, the capital of a foreign-invested enterprise and capital in RMB obtained by the foreign-invested enterprise from foreign exchange settlement must not be used for the following purposes: directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; directly or indirectly used for investment in securities, unless otherwise provided by relevant laws and regulations; extending loans to non-related parties, unless permitted by the scope of business; and/or paying the expenses related to the purchase of real estate that is not for self-use, except for the real estate enterprises.

In 2017, new regulations were adopted which, among other things, relax the policy restriction on foreign exchange inflow to further enhance trade and investment facilitation and tighten genuineness and compliance verification of cross-border transactions and cross-border capital flows.

In 2019, SAFE promulgated *Notice by the State Administration of Foreign Exchange of Further Facilitating Cross-border Trade and Investment* (《關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28, which cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. If a non-investing foreign-funded enterprise makes domestic equity investment with capital funds obtained from foreign exchange settlement, the investee shall undergo registration formalities for accepting domestic reinvestment and open the "capital account – account for settled foreign exchange to be paid" to receive the corresponding funds according to relevant provisions.

SAFE Circular 37

In July 2014, SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-tripping Investment Made by Domestic Residents through 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》), or the SAFE Circular 37, which replaces the *Notice of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents t Engage in Financing and in Return Investment via Overseas Special Purpose Companies* (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular 75. SAFE Circular 37 requires PRC residents, including PRC individuals and PRC corporate entities, to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our Shareholders who are PRC residents and may be applicable to any offshore acquisitions that we may make in the future.

Under SAFE Circular 37, PRC residents who make, or have prior to the implementation of SAFE Circular 37 made, direct or indirect investments in offshore special purpose vehicles, or SPVs, are required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV, is required to update its registration with the local branch of SAFE with respect to that SPV, to reflect any change of basic information or material events. If any PRC resident shareholder of such SPV fails to make the required registration or to update the registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contributions into its subsidiaries in China. In February 2015, SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to 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》), or SAFE Notice 13. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound direct investments, including those required under SAFE Circular 37, shall be filed with qualified banks instead of SAFE. Qualified banks should examine the applications and accept registrations under the supervision of SAFE.

Regulations Relating to Employee Stock Incentive Plan

On February 15, 2012, the SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Domestic Individuals' Participation in Equity Incentive Plans of Overseas Listed Companies* (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the SAFE Circular 7. In accordance with the SAFE Circular 7 and relevant rules and regulations, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with the SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain procedures. We and our employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who participate in our stock incentive plan will be subject to such regulation. In addition, the State Taxation Administration, or 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, or the 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. If the employees fail to pay, or the PRC subsidiaries fail to withhold, their IIT according to relevant laws, rules and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on May 21, 2021 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix VI in the section headed "Documents available for inspection".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on May 21, 2021 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$50,000.00 divided into 200,000,000,000 shares of US$0.00000025 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Act and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the

Companies Act and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Act and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity 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;

(ii) the giving 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 the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, 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 the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they 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. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with 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 in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services 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 as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may also by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to

be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairperson of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Act; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Act.

2.6 Special resolution — majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Directors

do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Act.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Act or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an

ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the 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. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date. Where a general meeting is so postponed, the Company shall endeavour

to cause a notice of such postponement to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of such meeting.

Where a general meeting is postponed:

(a) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(b) notice of the business to be transacted at the reconvened meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the reconvened meeting is the same as that set out in the notice of the original meeting circulated to the members of the Company.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.14 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that 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 up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that

notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company 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 Directors.

2.16 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall

(subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per

annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairperson which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Act, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or

existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 9 February 2018 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium

account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice

specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting

shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the section headed "Documents available for inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act on February 9, 2018. Our registered office address is at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. As our Company is incorporated in the Cayman Islands, our operation is subject to the relevant laws and regulations of the Cayman Islands, the Articles and the Memorandum. A summary of the relevant laws and regulations of the Cayman Islands and of our constitution is set out in the section headed "Summary of the Constitution of Our Company and Cayman Islands Company Law" in this Prospectus.

Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on February 25, 2021. Our principal place of business in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Ms. Ho Wing Tsz Wendy and Mr. Lui Wing Yat Christopher have been appointed as our authorized representatives for the acceptance of service of process and notices in Hong Kong. The address of service of process is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

As of the date of this Prospectus, our Company's head offices are located at BLDG 12, No. 388 Yindu Road, Xuhui District, Shanghai, China.

2. Changes in the Share Capital of Our Company

As of the date of incorporation of our Company, our authorized share capital was US$50,000 divided into 50,000,000,000 ordinary shares with an initial par value of US$0.000001 each.

On September 13, 2018, our Company underwent a re-designation of shares whereby certain authorized but unissued Shares were redesignated in the following manner: 12,383,721 Shares were redesignated as Series A Preferred Shares; 14,534,883 Shares were redesignated as Series B Preferred Shares; and 16,666,667 Shares were redesignated as Series Pre-C Preferred Shares.

The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this Prospectus:

(a) On June 18, 2019, our Company allotted and issued 726,744 Series B Preferred Shares to Shanghai Jiazhen Investment Center (Limited Partnership) (上海嘉稹投資中心(有限合夥)).

(b) On February 18, 2020, our Company allotted and issued shares in the following manner:

(1) 2,569,444 Series Pre-C Preferred Shares to Shenzhen Guangliang Qixin Investment Management Enterprise (Limited Partnership) (深圳光量啟新投資管理企業(有限合夥));

(2) 625,000 Series Pre-C Preferred Shares to Shenzhen Guangliang Xingchen Venture Capital Enterprise (LP) (深圳光量星辰創業投資企業(有限合夥));

(3) 2,222,222 Series Pre-C Preferred Shares to Yeed Holdings;

(4) 555,556 Series Pre-C Preferred Shares to Zhejiang Zuoli Innovation Medical Investment Management Co., Ltd (浙江佐力創新醫療投資管理有限公司);

(5) 2,777,778 Series Pre-C Preferred Shares to TASLY PHARMACEUTICAL GROUP CO., LTD. (天士力醫藥集團股份有限公司);

(6) 1,388,889 Series Pre-C Preferred Shares to Hangzhou Kaitai Minde Investment Partnership (Limited Partnership) (杭州凱泰民德投資合夥企業(有限合夥)); and

(7) 1,388,889 Series Pre-C Preferred Shares to Quanzhou Dingwo (LP).

(c) On September 11, 2020, our Company increased the authorized share capital in a 1:4 ratio from 50,000,000,000 Shares to 200,000,000,000 Shares with a par value of US$0.00000025 each, and underwent a re-designation of shares whereby our Company's authorised share capital of US$50,000 was divided into (i) 199,794,547,806 Shares; (ii) 49,534,884 Series A Preferred Shares; (iii) 58,139,532 Series B Preferred Shares; (iv) 66,666,668 Series Pre-C Preferred Shares; and (v) 31,111,110 Series C-1 Preferred Shares.

(d) On September 18, 2020, our Company allotted and issued shares in the following manner:

(1) 2,476,745 Shares to YIJIE Biotech (BVI);

(2) 24,444,444 Series C-1 Preferred Shares to NEW SPECTRUM LIMITED;

(3) 2,222,222 Series C-1 Preferred Shares to JT International Capital Management Limited; and

(4) 4,444,444 Series C-1 Preferred Shares to INNO WEALTH HOLDINGS GROUP LIMITED (創富控股集團有限公司);

(e) On October 23, 2020, our Company underwent a re-designation of shares whereby our Company's authorised share capital of US$50,000 was divided into (i) 199,746,547,806 Shares; (ii) 49,534,884 Series A Preferred Shares; (iii) 58,139,532 Series B Preferred Shares; (iv) 66,666,668 Series Pre-C Preferred Shares; (v) 31,111,110 Series C-1 Preferred Shares; and (vi) 48,000,000 Series C-2 Preferred Shares.

(f) On October 30, 2020 (except for Sunshine Medical Limited, where our Company allotted and issued 12,000,000 C-2 Preferred Shares on December 3, 2020), our Company allotted and issued shares in the following manner:

(1) 8,000,000 Series C-2 Preferred Shares to Danqing Biotheus Investment Limited;

(2) 8,000,000 Series C-2 Preferred Shares to Summer Ample Holdings Limited;

(3) 10,000,000 Series C-2 Preferred Shares to LAV Biosciences Fund V, L.P.;

(4) 6,000,000 Series C-2 Preferred Shares to Orchids Limited;

(5) 2,400,000 Series C-2 Preferred Shares to EASY PATH VENTURES LIMITED (易途創投有限公司); and

(6) 12,000,000 Series C-2 Preferred Shares to Sunshine Medical Limited.

(g) On January 15, 2021, our Company underwent a re-designation of shares whereby our Company's authorised share capital of US$50,000 was divided into (i) 199,745,163,362 Shares; (ii) 49,534,884 Series A Preferred Shares; (iii) 58,139,532 Series B Preferred Shares; (iv) 66,666,668 Series Pre-C Preferred Shares; (v) 31,111,110 Series C-1 Preferred Shares; (vi) 46,400,000 Series C-2 Preferred Shares; and (vii) 2,984,444 Series C+ Preferred Shares.

(h) On January 22, 2021, our Company issued 2,984,444 Series C+ Preferred Shares to NVMB XIII Holdings Limited.

(i) On May 11, 2021, our Company allotted and issued 12,497,947 Shares to Carfa Unity Limited, which is wholly-owned by the 2019 Equity Incentive Plan Trustee.

(j) On May 11, 2021, our Company allotted and issued 7,125,575 Shares to Carfe Unity Limited, which is wholly-owned by the 2019 Equity Incentive Plan Trustee.

Each Preferred Share will be converted into ordinary share at the conversion ratio of 1:1 by way of redesignation immediately prior to the completion of the Global Offering.

For details of our Company's authorized and issued share capital and consideration relating to the allotment of the Preferred Shares above, please refer to the sections headed "Share Capital — Authorized and Issued Share Capital" and "History, Development and Corporate Structure — Pre-IPO Investments" in this Prospectus.

For subsequent changes in our Company's share capital, see "— 4. Resolutions of our Shareholders" below.

Save as disclosed above, there has been no alternation in our share capital within the two years immediately preceding the date of this Prospectus.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountant's Report set out in Appendix I to this Prospectus.

The following sets out the changes in the share capital of our subsidiaries within the two years immediately preceding the date of this Prospectus:

CARsgen Life Sciences

On June 13, 2019, the registered capital of CARsgen Life Sciences increased from US$2 million to US$10 million. On September 24, 2020, the registered capital of CARsgen Life Sciences increased from US$10 million to US$40 million.

CARsgen Diagnostics

On November 23, 2020, CARsgen Diagnostics was established under the laws of the PRC with a registered capital of RMB10 million.

Save as disclosed above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this Prospectus.

Save for the subsidiaries mentioned in the Accountant's Report set out in Appendix I to this Prospectus, our Company has no other subsidiaries.

4. Resolutions of our Shareholders

Resolutions of our Shareholders were passed on May 21, 2021 pursuant to which, among others:

(a) conditional on (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as to be stated in this Prospectus; (ii) the Offer Price having been duly determined; (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; (iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the International Underwriters under the International Underwriting Agreement to be made with, amongst others, the Company becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Global Coordinators (on behalf of the Underwriters)) and not being terminated in accordance with the terms thereof or otherwise:

(1) the Global Offering (including the Over-allotment Option) was approved, and the proposed allotment and issue of the Offer Shares under the Global Offering were approved, and the Directors were authorized to determine the Offer Price for, and to allot and issue the Offer Shares;

(2) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with, otherwise than by way of the Global Offering, rights issue or pursuant to the exercise of any subscription rights attaching to any warrants or any option scheme or similar arrangement which may be allotted and issued by the Company from time to time granted by the Shareholders in general meeting or, pursuant to the exercise of any options which may be granted under the 2019 Equity Incentive Plan or allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme or the Post-IPO Share Option Scheme;

(3) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the Shares of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option, under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme or the Post-IPO Share Option Scheme;

(4) the general unconditional mandate as mentioned in paragraph (2) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (3) above up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option.

Each of the general mandates referred to in paragraphs (a)(2), (a)(3) and (a)(4) above will remain in effect until whichever is the earliest of:

- the conclusion of the next annual general meeting of our Company;
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or
- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

(b) immediately prior to the completion of the Global Offering, each of the Preferred Shares be converted into ordinary shares at the conversion of 1:1 by way of redesignation; and

(c) our Company conditionally approved and adopted the amended and restated memorandum and articles of association with immediate effect and the Memorandum and the Articles with effect from the Listing.

5. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Prospectus concerning the repurchase of our own securities.

(a) Provision of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) 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 Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on May 21, 2021, the Repurchase Mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option, under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme or the Post-IPO Share Option Scheme), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of Funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman Islands law, any

purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to 10% of the aggregate number of shares in issue. A 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 company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the 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 Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the 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 Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relevant certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless the Directors resolve to hold the shares purchased by our Company as treasury shares prior to the purchase, shares purchased by our Company shall be treated as cancelled and the amount of our Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Islands law.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the 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.

(vii) Core Connected Persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell its securities to the company.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

(c) Funding of Repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make repurchases with profits of our Company or out of the proceeds of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles of Association and subject to Cayman Companies Act, out of capital.

However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its 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 567,346,696 Shares in issue immediately following completion of the Global Offering, but assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme, could accordingly result in up to 56,734,669 Shares being repurchased by our Company during the period prior to the earliest of:

- The conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

- the date when it is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the 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 the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, 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, our 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 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 or she 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

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of our Group within the two years immediately preceding the date of this Prospectus which are or may be material:

(a) an exclusive business cooperation agreement (獨家業務合作協議) dated February 2, 2021 entered into between CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司) and CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司) pursuant to which CARsgen Therapeutics Co., Ltd (科濟生物醫藥(上海)有限公司) agreed to engage CARsgen Life Sciences Co., Ltd (愷興生命科技(上海)有限公司) as its exclusive provider of consultation and services;

(b) an exclusive option agreement (獨家購買權協議) (the "**Corporate Exclusive Option Agreement**") dated February 2, 2021 entered into among CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司), YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司) and CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司) pursuant to which CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司) or its designee was granted an irrevocable and exclusive right to acquire all of the equity interest in and/or assets of CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司), in whole or in part at the sole and absolute discretion of CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司);

(c) an exclusive option agreement (獨家購買權協議) (the "**Individual Exclusive Option Agreement**") dated February 2, 2021 entered into among CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司), Guo Bingsen (郭炳森), Li Zonghai (李宗海), Wang Huamao (王華茂), Guo Huaqing (郭華清), Chen Haiou (陳海鷗) and YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司) pursuant to which CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司) or its designee was granted an irrevocable and exclusive right to acquire all of the equity interest in and/or assets of YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司), in whole or in part at the sole and absolute discretion of CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司);

(d) a powers of attorney (股東表決權委託協議) (the "**Corporate Powers of Attorney**") dated February 2, 2021 entered into among CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司), YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司) and CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司), pursuant to which YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司) irrevocably and exclusively granted CARsgen Life Sciences Co., Ltd (愷興生命科技(上海)有限公司) or its designee(s) the power to exercise the rights of shareholders in respect of all the equity interests in CARsgen Therapeutics Co., Ltd (科濟生物醫藥(上海)有限公司) held by YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司);

(e) a powers of attorney (股東表決權委託協議) (the "**Individual Powers of Attorney**") dated February 2, 2021 entered into among CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司) Guo Bingsen (郭炳森), Li Zonghai (李宗海), Wang Huamao (王華茂), Guo Huaqing (郭華清), Chen Haiou (陳海鷗) and YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司), pursuant to which Mr. Guo Bingsen (郭炳森), Li Zonghai (李宗海), Wang Huamao (王華茂), Guo Huaqing (郭華清), Chen Haiou (陳海鷗) irrevocably and exclusively granted CARsgen Life Sciences Co., Ltd (愷興生命科技(上海)有限公司) or its designee(s) the power to exercise all rights of shareholders in respect of all their equity interests in YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司);

(f) a share pledge agreement (股權質押協議) dated February 2, 2021 entered into among CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司), YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司) and CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司), pursuant to which the YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司) agreed to pledge all of its equity interest in CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司) to CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司) to secure performance of the respective obligations of it and CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司) under the Exclusive Business Cooperation Agreement, the Corporate Exclusive Option Agreement and the Corporate Powers of Attorney;

(g) a share pledge agreement (股權質押協議) dated February 2, 2021 entered into among CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司), Guo Bingsen (郭炳森), Li Zonghai (李宗海), Wang Huamao (王華茂), Guo Huaqing (郭華清), Chen Haiou (陳海鷗), YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司), pursuant to which Guo Bingsen (郭炳森), Li Zonghai (李宗海), Wang Huamao (王華茂), Guo Huaqing (郭華清) and Chen Haiou (陳海鷗) agreed to pledge all of their respective equity interests in YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司) to CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司) to secure performance of the respective obligations of them, YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術控股有限公司) and CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司) under the Exclusive Business Cooperation Agreement, the Individual Exclusive Option Agreement, and the Individual Powers of Attorney;

(h) a series C preferred share purchase agreement dated September 15, 2020 entered into among our Company, CARsgen Pharma Holdings Limited, CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司), CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司), YIJIE Biotech Holding Limited (益傑生物技術控股有限公司), Li Zonghai (李宗海), CART Biotech Limited (科達生物技術有限公司), Wang Huamao (王華茂), HE XI HOLDINGS LIMITED (合熙控股有限公司), Guo Bingsen (郭炳森), Redelle Holding Limited (里達爾控股有限公司), Guo Huaqing (郭華清), CANDOCK HOLDINGS LIMITED (肯達客控股有限公司), Chen Haiou (陳海鷗), Accure Biotech Limited, CARsgen Pharmaceuticals Co., Ltd. (上海科濟製藥有限公司), CARsgen Therapeutics Corporation, New Spectrum Limited, JT International Capital Management Limited and INNO WEALTH HOLDINGS GROUP LIMITED (創富控股集團有限公司) (New Spectrum Limited, JT International Capital Management Limited and INNO WEALTH HOLDINGS GROUP LIMITED (創富控股集團有限公司), collectively the "**Series C-1 Preferred Shareholders**"), pursuant to which the Series C-1 Preferred Shareholders agreed to subscribe for an aggregate of 31,111,110 Series C-1 Preferred Shares issued by our Company at a subscription price of US$2.25 per Series C-1 Preferred Share for an aggregate consideration of US$70 million;

(i) a series C-2 preferred share purchase agreement dated October 23, 2020 entered into among our Company, CARsgen Pharma Holdings Limited, CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司), CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司), YIJIE Biotech Holding Limited (益傑生物技術控股有限公司), Li Zonghai (李宗海), CART Biotech Limited (科達生物技術有限公司), Wang Huamao (王華茂), HE XI HOLDINGS LIMITED (合熙控股有限公司), Guo Bingsen (郭炳森), Redelle Holding Limited (里達爾控股有限公司), Guo Huaqing (郭華清), CANDOCK HOLDINGS LIMITED (肯達客控股有限公司), Chen Haiou (陳海鷗), Accure Biotech Limited, CARsgen Pharmaceuticals Co., Ltd. (上海科濟製藥有限公司), CARsgen Therapeutics Corporation, Danqing Biotheus Investment Limited, Summer Ample Holdings Limited, LAV Biosciences Fund V, L.P., Orchids Limited, EASY PATH VENTURES LIMITED (易途創投有限公司) and Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司) (Danqing Biotheus Investment Limited, Summer Ample Holdings Limited, LAV Biosciences Fund V, L.P., Orchids Limited, EASY PATH VENTURES LIMITED (易途創投有限公司) and Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司), collectively the "**Series C-2 Preferred Shareholders**"), pursuant to which the Series C-2 Preferred Shareholders agreed to subscribe for an aggregate of 46,400,000 Series C-2 Preferred Shares issued by our Company at a subscription price of US$2.50 per Series C-2 Preferred Share for an aggregate consideration of US$116,000,000;

(j) a series C+ preferred share purchase agreement dated January 15, 2021 entered into among our Company, CARsgen Pharma Holdings Limited, CARsgen Life Science Co., Ltd. (愷興生命科技(上海)有限公司), CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司), YIJIE Biotech Holding Limited (益傑生物技術控股有限公司), Li Zonghai (李宗海), CART Biotech Limited (科達生物技術有限公司), Wang Huamao (王華茂), HE XI HOLDINGS LIMITED (合熙控股有限公司), Guo Bingsen (郭炳森), Redelle Holding Limited (里達爾控股有限公司), Guo Huaqing (郭華清), CANDOCK HOLDINGS LIMITED (肯達客控股有限公司), Chen Haiou (陳海鷗), Accure Biotech Limited, CARsgen Pharmaceuticals Co., Ltd. (上海科濟製藥有限公司), CARsgen Therapeutics Corporation, China Medmaterial Limited (鴻創醫學有限公司) and NVMB XIII Holdings Limited, pursuant to which (i) NVMB XIII Holdings Limited agreed to subscribe for an aggregate of 2,984,444 Series C+ Preferred Shares issued by our Company at a subscription price of US$3.35 per Series C+ Preferred Share for the consideration of US$10 million; and (ii) NVMB XIII Holdings Limited agreed to purchase 7,640,178 Series A Preferred Shares from China Medmaterial Limited (鴻創醫學有限公司);

(k) a share purchase agreement entered into among China Medmaterial Limited (鴻創醫學有限公司), Violet Springs International Ltd and our Company on January 14, 2021, pursuant to which Violet Springs International Ltd agreed to purchase 2,000,000 Series A Preferred Shares from China Medmaterial Limited (鴻創醫學有限公司);

(l) a cornerstone investment agreement dated June 3, 2021 entered into between our Company, LAV STAR LIMITED, LAV STAR OPPORTUNITIES LIMITED, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(m) a cornerstone investment agreement dated June 3, 2021 entered into between our Company, New China Capital Management Limited, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(n) a cornerstone investment agreement dated June 3, 2021 entered into between our Company, CloudAlpha Master Fund, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(o) a cornerstone investment agreement dated June 3, 2021 entered into between our Company, Foresight Orient Global Superior Choice SPC – Global Superior Choice Fund 1 SP, Foresight Orient Global Superior Choice SPC – Vision Fund 1 SP, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(p) a cornerstone investment agreement dated June 3, 2021 entered into between our Company, WT ASSET MANAGEMENT LIMITED, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(q) a cornerstone investment agreement dated June 3, 2021 entered into between our Company, GF Fund Management Co., Ltd., Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch and CLSA Limited, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(r) a cornerstone investment agreement dated June 3, 2021 entered into between our Company, DYMON ASIA MULTI-STRATEGY INVESTMENT MASTER FUND, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(s) a cornerstone investment agreement dated June 3, 2021 entered into between our Company, IvyRock Asset Management (HK) Limited, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch and CLSA Limited, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(t) a cornerstone investment agreement dated June 3, 2021 entered into between our Company, China Southern Asset Management Co., Ltd., Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch and Credit Suisse (Hong Kong) Limited, details of which are included in the section headed "Cornerstone Investors" in this Prospectus; and

(u) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Trademarks

(i) Registered trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our Group's business:

No.	Trademark	Registered Owner
1. . . .		CARsgen Therapeutics Co., Ltd.
2. . . .	carsgen	CARsgen Therapeutics Co., Ltd
3. . . .		CARsgen Therapeutics Co., Ltd

As at the Latest Practicable Date, we had applied for the registration of the following trademarks, which we consider to be material to our business:

No.	Trademark	Place of Registration	Class	Application Number	Application Date
1. . . .	CARSGEN THERAPEUTICS	Hong Kong	5, 10, 42 and 44	305513544	January 21, 2021
2. . . .		Hong Kong	5, 10, 42 and 44	305538222	January 18, 2021

(b) Domain Names

As of the Latest Practicable Date, the following was the key domain name registration of our Group:

www.carsgen.com

(c) Patents Applications

For a discussion of the details of the material filed patent applications by our Group in connection with our clinical and pre-clinical products, please refer to the section headed "Business — Intellectual Property" in this Prospectus.

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors' Service Contracts and Appointment Letters

(a) Executive Directors

Each of our executive Directors has entered into a service contract with us under which the initial term of their service contracts shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than two months' prior notice.

Pursuant to the service contracts entered into with us, none of our executive Directors will receive any remuneration as director's fee.

(b) Non-executive Directors

Each of our non-executive Directors has entered into a service contract with us under which the initial term of their service contract shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one month's prior notice.

Pursuant to the service contracts entered into with us, the non-executive Directors will receive no remuneration as Director's fee.

(c) Independent non-executive Directors

Each of our independent non-executive Directors has entered into an appointment letter with us effective from the Listing Date. The initial term of their appointment letters shall commence from the date of their appointment for a period of three years or until the third annual general meeting of our Company after the Listing Date, whichever is earlier (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

Details of our Company's remuneration policy is described in the section headed "Directors and Senior Management — Remuneration of Directors and Senior Management" in this Prospectus.

2. Remuneration of Directors

(i) For the two years ended December 31, 2019 and 2020:

(a) the total amount of salaries, bonuses, allowances, benefits in kind and pension scheme contributions paid or payable by us to the Directors were approximately RMB1.942 million and RMB2.285 million, respectively; and

(b) the total amount of share-based payment expenses paid or payable by us to the Directors were RMB0.4 million and nil, respectively.

(ii) The aggregate amount of emoluments which were paid by the Company to the five highest paid individuals of the Group who are neither Director nor chief executive of our Company for the two years ended December 31, 2019 and 2020 were approximately RMB8.726 million and RMB8.380 million, respectively.

(iii) It is estimated that emoluments of approximately RMB3.6 million in aggregate will be paid to our Directors and proposed Directors in respect of the financial year ending December 31, 2021 under arrangements in force as of the date of this Prospectus.

(iv) Under the arrangements currently in force, as of the Latest Practicable Date, none of our Directors had a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Disclosure of Interests

(a) Interests and short positions of our Directors in the share capital of our Company and its associated corporations following completion of the Global Offering

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), the interests and/or short positions (as applicable) of our Directors and chief executive in the Shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have taken under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("**Model Code**"), will be as follows:

Name	Title	Nature of interest	Number of Shares held immediately following Completion of the Global Offering[(1)]	Approximate percentage of interest in our Company immediately following Completion of the Global Offering
				(%)
Dr. Li[(1)]	Executive Director	Interest in controlled corporation and interest of party acting in concert	215,123,753	37.92
Mr. Guo Bingsen[(1)] . .	Non-executive Director	Interest in controlled corporation and interest of party acting in concert	215,123,753	37.92

Name	Title	Nature of interest	Number of Shares held immediately following Completion of the Global Offering[(1)]	Approximate percentage of interest in our Company immediately following Completion of the Global Offering
				(%)
Dr. Wang[(1)]	Executive Director	Interest in controlled corporation and interest of party acting in concert	215,123,753	37.92
Mr. Guo Huaqing[(1)]. .	Non-executive Director	Interest in controlled corporation and interest of party acting in concert	215,123,753	37.92

Note:

(1) On February 22, 2021, the Concert Party Agreement has been entered into between, amongst others, Dr. Li, Mr. Guo Bingsen, Dr. Wang and Mr. Guo Huaqing, and each of them is deemed to be interested in the Shares that the other parties to the Concert Party Agreement is interested in pursuant to section 317 of the SFO. In addition, Mr. Chen is entitled to receive up to 2,539,773 Shares pursuant to options granted to him, subject to the conditions (including vesting conditions) of those options. Therefore, each of Dr. Li, Mr. Guo Bingsen, Dr. Wang and Mr. Guo Huaqing is deemed to be interested in 215,123,753 Shares, representing 37.92% of interest in our Company immediately following the completion of the Global Offering. For details of the Concert Party Agreement, please refer to the section headed "Relationship With the Controlling Shareholders".

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following completion of the Global Offering, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be 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 our Group, please see the section headed "Substantial Shareholders" in this Prospectus.

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following completion of the Global Offering, be interested, directly or indirectly, 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 member of our Group or had option in respect of such share capital.

4. Disclaimers

Save as disclosed in the sections headed "Directors and Senior Management", "Financial Information", "Underwriting", "Substantial Shareholders" and "Statutory and General Information — C. Further Information about Our Directors" in this Prospectus:

(i) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of the Group;

(ii) none of the Directors or the experts named in the sub-section headed "E. Other Information — 4. Consents of Experts" in this section below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this Prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of our Company within the two years ended on the date of this Prospectus;

(iv) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Group taken as a whole;

(v) taking no account of any Shares which may be taken up under the Global Offering, so far as is known to any Director or chief executive of our Company, no other person (other than a Director or chief executive of our Company) will, immediately following completion of the Global Offering, have interests or short positions in the Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, 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 member of the Group; and

(vi) none of the Directors or chief executive of our Company has any interests or short positions in the Shares, underlying shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have

to be notified to the Company and the 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 the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

D. 2019 EQUITY INCENTIVE PLAN

On March 18, 2016, the board of CARsgen Therapeutics adopted the 2016 equity incentive plan of CARsgen Therapeutics. On March 31, 2017, the board of CARsgen Therapeutics adopted the 2017 equity incentive plan, which was further amended on July 31, 2017. On January 22, 2019, the Equity Incentive Plan of our Company was adopted and approved by resolutions in writing by the Board as the equity incentive plan of the Group, replacing the 2016 and 2017 equity incentive plans of CARsgen Therapeutics. Upon the effective date of the 2019 Equity Incentive Plan, the 2016 equity incentive plan and the 2017 equity incentive plan were terminated and eligible participants thereunder are deemed persons eligible for share awards under the 2019 Equity Incentive Plan. The terms of the 2019 Equity Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules as it (i) does not involve any grant of options by our Company to subscribe for new Shares after the Listing, and (ii) only involves the grant of restricted shares after the Listing. The following is a summary of the principal terms of the 2019 Equity Incentive Plan.

(a) Summary of terms

Purpose. The purpose of the 2019 Equity Incentive Plan is to secure and retain the services of eligible participants, to provide incentives for such persons to exert maximum efforts for the success of our Company and our affiliates, and to provide a means by which such eligible recipients may be given an opportunity to benefit from increases in value of the Shares through the granting of the Share Awards (as defined below).

Eligible Participants. Any of the following persons shall be eligible to participate in the 2019 Equity Incentive Plan as selected from time to time by the Administrator (as defined below):

1. any person employed by our Company or our affiliates;

2. any director of our Company or any of its subsidiaries; or

3. any person, including an advisor, who is (i) engaged by our Company or our affiliates to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of our affiliates and is compensated for such services.

In respect of share options granted to connected persons of the Company, the exercise of such share options by connected persons may constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Company will comply with the applicable requirements under Chapter 14A and other applicable rules of the Listing Rules.

Types of awards. The 2019 Equity Incentive Plan provides for the grant of incentive share options, non-statutory share option (together with incentive share options, "**Share Options**"), restricted shares awards and restricted share units awards (collectively referred to as "**Share Awards**").

Duration. The 2019 Equity Incentive Plan may be suspended or terminated by the Board at any time. Unless terminated sooner by the Board, the 2019 Equity Incentive Plan will automatically terminate on day before the eighth anniversary of the date the 2019 Equity Incentive Plan is adopted by the Board. No Share Awards may be granted under the 2019 Equity Incentive Plan while it is suspended or after it is terminated.

Administration. The 2019 Equity Incentive Plan shall be subject to the administration of the Board unless and until the Board delegates the administration to one or more Directors partially or completely.

Maximum Number of Shares. Subject to capitalization adjustments, the aggregate number of Shares that may be issued pursuant to Share Awards shall not exceed 27,519,380 Shares.

As of the Latest Practicable Date, Share Options to acquire an aggregate of 20,372,475 Shares are outstanding under the 2019 Equity Incentive Plan. Among such Shares, our Company allotted and issued 12,497,947 Shares to Carfa Unity Limited to be held on trust to facilitate the transfer of Shares to the grantees upon vesting of the relevant Share Options. Furthermore, our Company issued 7,125,575 Shares to Carfe Unity Limited to be held on trust to facilitate the transfer of Shares to grantees upon vesting of the Share Awards which may be granted.

Performance Target. The Share Options may be subject to performance goals or other criteria as set forth at the sole discretion of the Board.

Exercise Price or Consideration. The exercise price (or strike price) of each Share Option shall be determined in good faith by the Administrator and as set forth in a share award agreement. The consideration, if any, to be paid by the participant upon delivery of each Share subject to the restricted share unit award will be determined by the Board at the time of grant of such award.

Term of the Share Options. No Share Option shall be exercisable after the expiration of eight years from the date of its grant or such shorter period specified in a share award agreement.

Vesting. The total number of Shares subject to a Share Option may vest and therefore become exercisable in periodic installments that may or may not be equal. The Share Option may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of performance goals or other criteria) as the Board may deem appropriate. The vesting provisions of each Share Option may vary.

Capitalization Adjustment. In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the 2019 Equity Incentive Plan; (ii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of incentive share options; and (iii) the class(es) and number of securities and price per Share subject to outstanding Share Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive.

For the above purpose, a "Capitalization Adjustment" means any change that is made in, or other events that occur with respect to, the Shares subject to the 2019 Equity Incentive Plan or subject to any Share Award after the effective date without the receipt of consideration by our Company (through merger, consolidation, reorganization, recapitalization, reincorporation, share dividend, dividend in property other than cash, large nonrecurring cash dividend, share split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or any similar equity restructuring transaction. Notwithstanding the foregoing, the conversion of any convertible securities of our Company shall not be treated as a Capitalization Adjustment.

Right of Repurchase. The terms of any repurchase right shall be specified in a share award agreement. The repurchase price for vested and unvested Shares shall both be determined in good faith by the Board.

No Impairment of Rights. Suspension or termination of the 2019 Equity Incentive Plan shall not impair rights and obligations under any Share Award granted while the 2019 Equity Incentive Plan is in effect except with the written consent of the affected participant.

Restrictions on Transfer. A Share Option shall not be sold, pledged, assigned, hypothecated, or otherwise transferred in any manner except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the participant only by the participant, except that the Administrator may, in its sole discretion, permit transfer of the Share Option to such extent as permitted by applicable law and in a manner consistent with applicable tax and securities laws upon the participant's request. The Shares of restricted stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable period of restriction, unless determined otherwise by the Administrator.

(b) Outstanding incentive share options, non-statutory share option, restricted shares awards and restricted share units awards

As of the Latest Practicable Date, Share Options to acquire an aggregate 20,372,475 Shares, representing approximately 3.59% of our Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme), are outstanding under the 2019 Equity Incentive Plan, and no restricted shares awards or restricted share units awards have been granted under the 2019 Equity Incentive Plan. As of the Latest Practicable Date, none of the Options granted under the 2019 Equity Incentive Plan has been exercised.

We have applied for, and have been granted (i) a waiver from the Stock Exchange 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) an exemption from the SFC 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 in connection with the information of the Share Options granted under the 2019 Equity Incentive Plan. For further details, please refer to the section headed "Waivers from Strict Compliance with the Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver and Exemption in relation to the 2019 Equity Incentive Plan" in this Prospectus.

The Share Options have been granted based on the performance, tenure and working hours of the grantees who have made important contributions to and are important to the long-term growth and success of our Group. As of the Latest Practicable Date, the grantees under the 2019 Equity Incentive Plan include one connected person of our Company, four members of the senior management of our Company, five participants of the 2019 Equity Incentive Plan who have been granted options to subscribe for 350,000 Shares or more and 162 other participants of the 2019 Equity Incentive Plan who have been granted options to subscribe for less than 350,000 Shares of the 2019 Equity Incentive Plan. Details of the Share Options granted under the 2019 Equity Incentive Plan as of the Latest Practicable Date are set out below:

Name of Grantee	Position held at our Company	Address	Exercise Price *(US$ per Share)*	Number of Shares subject to the Share Options granted	Date of Grant	Vesting Period[1]	Approximate percentage of shareholding immediately following completion of the Global Offering[1] *(%)*
Connected Person							
Mr. CHEN Haiou (陳海鷗). . . .	Executive Vice President, Finance	Room 202, No. 23 Lane 909 Wangyue Road, Xuhui District, Shanghai, PRC	0.04	2,539,773	December 28, 2020	*(Note 2)*	0.45

Name of Grantee	Position held at our Company	Address	Exercise Price *(US$ per Share)*	Number of Shares subject to the Share Options granted	Date of Grant	Vesting Period[(1)]	Approximate percentage of shareholding immediately following completion of the Global Offering[(1)] *(%)*
Senior Management							
Dr. WANG Wei (汪薇)	Vice President, Clinical Development	Room 1401, No. 63 Lane 1458, Longming Road, Minhang District, Shanghai, PRC	0.90	92,978	December 28, 2020	*(Note 3)*	0.02
			1.39	102,759	December 28, 2020	*(Note 4)*	0.02
			0.90	160,000	December 28, 2020	*(Note 5)*	0.03
Dr. JIA Jie (賈捷)	Vice President, Strategic Alliances and Operations	25 Brandon Place, Rocky River, Ohio, USA 44116	0.00	677,817	March 31, 2017	*(Note 6)*	0.12
			0.00	677,817	March 31, 2018	*(Note 7)*	0.12
			1.39	28,694	March 31, 2020	*(Note 4)*	0.01
Dr. HSU Leigh James	Senior Vice President, Business Development	5217 Brickfield lane, San Diego, California, USA 92130	0.52	387,324	March 31, 2018	*(Note 7)*	0.07
			0.90	16,640	March 31, 2019	*(Note 3)*	0.00
			1.39	26,471	March 31, 2020	*(Note 4)*	0.00
Dr. MA Hong (馬洪)	Senior Vice President, Clinical Development	3326 Durhill ST, Houston, Tx, 77025, USA	0.90	47,222	March 31, 2019	*(Note 3)*	0.01
			0.00	39,628	March 31, 2019	*(Note 3)*	0.01
			0.90	400,000	October 20, 2019	*(Note 5)*	0.07
			1.39	35,868	March 31, 2020	*(Note 4)*	0.01
			0.00	46,621	March 31, 2020	*(Note 4)*	0.01
Subtotal:				**2,739,839**			**0.48**

Name of Grantee	Position held at our Company	Address	Exercise Price *(US$ per Share)*	Number of Shares subject to the Share Options granted	Date of Grant	Vesting Period[(1)]	Approximate percentage of shareholding immediately following completion of the Global Offering[(1)] *(%)*
Consultant . . .							
LIU Rongxi (劉容西)	Consultant	6F-2, No. 150, Min Sheng E. Road, Section 5, Taipei, Taiwan	0.00	166,667	December 28, 2020	*(Note 8)*	0.03
Five participants of the 2019 Equity Incentive Plan with outstanding options to acquire 350,000 Shares or more							
JIANG Hua (蔣華)	Senior manager	220 Handan Road, Yangpu District, Shanghai, PRC	0.04	2,934,492	December 28, 2020	*(Note 8)*	0.52
SHI Bizhi (石必枝)	Senior researcher	408 North Chengdu Road, Huangpu District, Shanghai, PRC	0.04	2,934,492	December 28, 2020	*(Note 8)*	0.52
WANG Peng (王鵬)	Manager	Room 502, No. 33, Lane 789, Qinghu Road, Qingpu District, Shanghai, PRC	0.04	846,590	December 28, 2020	*(Note 8)*	0.15
GAO Huiping (高慧萍). . . .	Manager	Room 502, No. 8, Lane 156, Lingyan South Road, Pudong New Area, Shanghai, PRC	0.04	846,590	December 28, 2020	*(Note 8)*	0.15
ZHAO Hongxia (趙紅霞). . . .	Manager	Room 302, Building 6, Lane 177, Cangxuan Road, Songjiang District, Shanghai, PRC	0.04	305,702	December 28, 2020	*(Note 8)*	0.05
			0.52	21,238	December 28, 2020	*(Note 8)*	0.00
			0.89	14,337	December 28, 2020	*(Note 8)*	0.00
			0.90	13,420	December 28, 2020	*(Note 8)*	0.00
			1.40	8,960	December 28, 2020	*(Note 8)*	0.00

Name of Grantee	Position held at our Company	Address	Exercise Price *(US$ per Share)*	Number of Shares subject to the Share Options granted	Date of Grant	Vesting Period[(1)]	Approximate percentage of shareholding immediately following completion of the Global Offering[(1)] *(%)*
			0.90	84,600	December 28, 2020	*(Note 8)*	0.01
Subtotal:				**8,010,421**			**1.41**
161 other participants of the 2019 Equity Incentive Plan with options to acquire less than 350,000 shares			From 0.00 to 1.41	6,915,775	December 28, 2020	*(Note 8)*	1.22
Total:				**20,372,475**			**3.59**

Notes:

1. Approximate percentage of shareholding is calculated as the number of Shares subject to the Share Options granted to a grantee and divided by the total number of Shares in issue immediately upon completion of the Global Offering, but assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme.

2. This batch of outstanding Share Options shall be vested in accordance with the arrangement as follows: 25% of the aggregate number of options shall be vested on March 31, 2017, and the remaining 75% to be vested monthly thereafter in 36 equal monthly installments.

3. This batch of outstanding Share Options shall be vested in accordance with the arrangement as follows: 25% of the aggregate number of options shall be vested on March 31, 2020, and the remaining 75% to be vested monthly thereafter in 36 equal monthly installments.

4. This batch of outstanding Share Options shall be vested in accordance with the arrangement as follows: 25% of the aggregate number of options shall be vested on March 31, 2021, and the remaining 75% to be vested monthly thereafter in 36 equal monthly installments.

5. This batch of outstanding Share Options shall be vested in accordance with the arrangement as follows: 25% of the aggregate number of options shall be vested on October 20, 2020, and the remaining 75% to be vested monthly thereafter in 36 equal monthly installments.

6. This batch of outstanding Share Options shall be vested in accordance with the arrangement as follows: 25% of the aggregate number of options shall be vested on March 31, 2018, and the remaining 75% to be vested monthly thereafter in 36 equal monthly installments.

7. This batch of outstanding Share Options shall be vested in accordance with the arrangement as follows: 25% of the aggregate number of options shall be vested on March 31, 2019, and the remaining 75% to be vested monthly thereafter in 36 equal monthly installments.

8. This batch of outstanding Share Options shall be vested in accordance with the following arrangement: 25% of the Shares Options shall be vested on the first anniversary of the vesting commencement date, and the remaining 75% to be vested monthly thereafter in 36 equal monthly installments.

(c) Dilution Effect and Impact on Earnings per share

The maximum number of Shares which may be issued under the 2019 Equity Incentive Plan is 27,519,380 Shares. On April 30, 2021, our Company allotted and issued 12,497,947 Shares and 7,125,575 Shares to Carfa Unity Limited and Carfe Unity Limited respectively, to be held on trust to facilitate the transfer of Shares to the grantees upon vesting of the relevant Share Options and Share Awards. Subject to any alterations set out under the 2019 Equity Incentive Plan in the event of any capitalization issue, rights issue, open offer, sub-division, consolidation of shares, or reduction of capital of our Company that may take place after the Listing, the remaining number of Shares which may be further issued under the 2019 Equity Incentive Plan shall be no more than 7,895,858 Shares, representing approximately 1.39% of the issued share capital of our Company immediately upon completion of the Global Offering (excluding any Share which may fall to be allotted and issued upon the exercise of the Over-allotment Option and without taking into account any Shares to be issued under the 2019 Equity Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme). As such, taking into account the Shares to be allotted and issued under the 2019 Equity Incentive Plan, the shareholding of our Shareholders immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised) will be diluted by approximately 1.39%. The consequent impact on the earnings per ordinary Share for the years ended December 31, 2019 and 2020 is nil and nil, respectively, being the incremental impact to diluted earnings per share, since the options would not be included in the calculation of diluted earnings per share due to anti-dilution.

(d) Administration of the 2019 Equity Incentive Plan

Our Company has established a committee comprising of, among others, Directors and senior management members, for the administration of the 2019 Equity Incentive Plan.

E. POST-IPO RSU SCHEME

The Company has conditionally adopted the Post-IPO RSU Scheme by Shareholders' resolutions dated April 30, 2021. The Post-IPO RSU Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Post-IPO RSU Scheme does not involve the grant of options by our Company. The Company may appoint a trustee (the "**RSU Trustee**") to administer the Post-IPO RSU Scheme with respect to the grant of any Award (as defined below), by way of restricted share unit(s) ("**RSU(s)**"), which may vest in the form of Shares (the "**Award Shares**") or the actual selling price of the Award Shares in cash in accordance with the Post-IPO RSU Scheme.

1. Eligible Persons to the Post-IPO RSU Scheme

Any individual, being an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors) or officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate (an "**Eligible Person**"

and, collectively "**Eligible Persons**") who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award granted by the Board (an "**Award**"), by way of RSUs, which may vest in the form of Award Shares or the actual selling price of the Award Shares of RSUs in cash in accordance with the Post-IPO RSU Scheme. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Post-IPO RSU Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO RSU Scheme.

2. Purpose of the Post-IPO RSU Scheme

The purpose of the Post-IPO RSU Scheme is to align the interests of Eligible Persons' with those of our Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of our Group.

3. Awards

An Award gives a selected participant a conditional right, when the RSU vests, to obtain the Award Share or, if in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Award Shares. An Award includes all cash income from dividends in respect of those Shares from the date the Award is granted (the "**Grant Date**") to the date the Award vests (the "**Vesting Date**"). For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participant even though the Award Shares have not yet vested.

4. Grant of Award

(i) Making the Grant

The Board or the committee of the Board or person(s) to which the Board has delegated its authority may, from time to time, at their absolute discretion, grant an Award to a selected participant (in the case of the Board's delegate(s), to any selected participant other than a Director or an officer of our Company) by way of an award letter ("**Award Letter**"). The Award Letter will specify the Grant Date, the number of Award Shares underlying the Award, the vesting criteria and conditions, the Vesting Date and such other details as the Board or its delegate(s) may consider necessary.

Each grant of an Award to any Director, chief executive or substantial shareholder of our Company shall be subject to the prior approval of the independent non-executive Directors of our Company (excluding any independent non-executive Director who is a proposed recipient of an Award). Our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Shares to connected persons of our Company.

(ii) Restrictions on Grants and Timing of Grants

The Board and its delegate(s) may not grant any Award to any selected participant in any of the following circumstances:

(A) where any requisite approval from any applicable regulatory authorities has not been granted;

(B) where any member of our Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Post-IPO RSU Scheme, unless the Board determines otherwise;

(C) where such Award would result in a breach by any member of our Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;

(D) where such grant of Award would result in a breach of the Post-IPO RSU Limit (as defined below) or the minimum public float requirement as required under the Listing Rules, or would otherwise cause our Company to issue Shares in excess of the permitted amount in the mandate approved by the Shareholders;

(E) where an Award is to be satisfied by way of issue of new Shares to the RSU Trustee, in any circumstances that cause the total Shares issued or allotted to connected persons to be in excess of the amount permitted in the mandate approved by the Shareholders;

(F) where any Director of our Company is in possession of unpublished inside information in relation to our Company or where dealings by Directors of our Company are prohibited under any code or requirement of the Listing Rules and all applicable laws, rules or regulations, from time to time;

(G) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results, unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met, in accordance with the Listing Rules;

(H) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and the half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met, in accordance with the Listing Rules; and

(I) during any period of delay in the publication of a results announcement.

5. Maximum Number of Shares to be Granted

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO RSU Scheme (excluding Award which have been forfeited in accordance with the Post-IPO RSU Scheme) will not exceed 5% of the issued share capital of the Company as of the date of approval of the Post-IPO RSU Scheme without Shareholders' approval (the "**Post-IPO RSU Scheme Limit**"), being 22,648,808 Shares.

6. Rights attached to the Award

Save that the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participants even though the RSUs have not yet vested in the form of Award Shares, the selected participant only has a contingent interest in the Award Shares underlying an Award unless and until such Award Shares are actually transferred to the selected participant, nor does he/she have any rights to any related income until the RSUs vest in the form of Award Shares.

The RSU Trustee shall exercise the voting rights in respect of any Award Shares which are held under the Trust in accordance with the instructions of the Board or the committee of the Board or person(s) to which the Board has delegated its authority in compliance with the Listing Rules or as the Stock Exchange may approve.

7. Issue of Shares and/or transfer of funds to the RSU Trustee

Our Company shall, as soon as reasonably practicable and no later than 30 business days from the Grant Date, (i) issue and allot Shares to the RSU Trustee and/or (ii) transfer to the RSU Trustee the necessary funds and instruct the RSU Trustee to acquire Shares through on-market transactions at the prevailing market price, so as to satisfy the Awards.

Our Company shall not issue or allot Award Shares nor instruct the RSU Trustee to acquire Shares through on-market transactions at the prevailing market price, where such action (as applicable) is prohibited under the Listing Rules, the Securities and Futures Ordinance or other applicable laws from time to time. Where such a prohibition causes the prescribed timing imposed by the Post-IPO RSU Scheme Rules or the trust deed to be missed, such prescribed timing shall be treated as extended until as soon as reasonably practicable after the first Business Day on which the prohibition no longer prevents the relevant action.

8. Assignment of Awards

Unless express written consent is obtained from the Board or the committee of the Board or person(s) to which the Board has delegated its authorities, any Award granted under the Post-IPO RSU Scheme but not yet vested are personal to the selected participants to whom they are granted and cannot be assigned or transferred. A selected participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Award, or enter into any agreement to do so.

9. Vesting of Awards

The Board or its delegate(s) may from time to time while the Post-IPO RSU Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested.

Within a reasonable time period as agreed between the RSU Trustee and the Board from time to time prior to any Vesting Date, the Board or its delegate(s) will send a vesting notice to the relevant selected participant and instruct the RSU Trustee the extent to which the Award Shares held in the trust shall be transferred and released from the trust to the selected participant. Subject to the receipt of the vesting notice and notification from the Board or its delegate(s), the RSU Trustee will transfer and release the relevant Award in the manner as determined by the Board or its delegate(s).

If, in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, solely due to legal or regulatory restrictions with respect to the selected participant's ability to receive the Award in Shares or the RSU Trustee's ability to give effect to any such transfer to the selected participant, the Board or its delegate(s) will direct and procure the RSU Trustee to sell, on-market at the prevailing market price, the number of RSUs so vested in the form of Award Shares in respect of the selected participant and pay the selected participant the proceeds arising from such sale based on the actual selling price of the Award Shares following vesting of such RSUs in cash as set out in the vesting notice.

If there is an event of change in control of our Company by way of a merger, a privatization of our Company by way of a scheme or by way of an offer, the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall at their sole discretion determine whether the Vesting Dates of any Awards will be accelerated to an earlier date.

10. Consolidation, subdivision, bonus issue and other distribution

In the event our Company undertakes a subdivision or consolidation of the Shares, corresponding changes will be made to the number of outstanding RSUs that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits

intended to be made available under the Post-IPO RSU Scheme for the selected participants. All fractional shares (if any) arising out of such consolidation or subdivision in respect of the Award Shares of a selected participant shall be deemed as returned shares and shall not be transferred to the relevant selected participant on the relevant Vesting Date. The RSU Trustee shall hold returned shares to be applied towards future Awards in accordance with the provisions of the Post-IPO RSU Scheme rules for the purpose of the Post-IPO RSU Scheme.

In the event of an issue of Shares by our Company credited as fully paid to the holders of the Shares by way of capitalization of profits or reserves (including share premium account), the Shares attributable to any Award Shares held by the RSU Trustee shall be deemed to be an accretion to such Award Shares and shall be held by the RSU Trustee as if they were Award Shares purchased by the RSU Trustee hereunder and all the provisions hereof in relation to the original Award Shares shall apply to such additional Shares.

In the event of any non-cash distribution or other events not referred to above by reason of which the Board considers an adjustment to an outstanding Award to be fair and reasonable, an adjustment shall be made to the number of outstanding RSUs of each selected participant as the Board shall consider as fair and reasonable, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Post-IPO RSU Scheme for the selected participants. Our Company shall provide such funds, or such directions on application of the returned shares or returned trust funds, as may be required to enable the RSU Trustee to purchase Shares on-market at the prevailing market price to satisfy the additional Award.

In the event of other non-cash and non-scrip distributions made by our Company not otherwise referred to in the Post-IPO RSU Scheme rules in respect of the Shares held upon trust, the RSU Trustee shall sell such distribution and the net sale proceeds thereof shall be deemed as related income of the Post-IPO RSU Scheme or returned trust funds of the returned Shares held upon trust as the case may be.

11. Cessation of employment and other events

Except as otherwise determined by the Board or the committee of the Board or person(s) to which the Board has delegated its authority, upon termination of employment or service with our Company during the applicable restriction period, Awards that are at that time unvested shall be forfeited or repurchased in accordance with the terms and provisions of the grant letter and/or award agreement to be entered into by such selected participant; provided, however, that the Board or the committee of the Board or person(s) to which the Board has delegated its authority may (a) provide in any grant letter and/or award agreement that restrictions or forfeiture and repurchase conditions relating to the Awards will be waived in whole or in part in the event of terminations resulting from specified causes; and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to the Awards.

If a selected participant ceases to be an Eligible Person for reasons other than those stated this paragraph, any outstanding RSUs and related income not yet vested in the form of Award Shares shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

12. Alteration of the Post-IPO RSU Scheme

The Post-IPO RSU Scheme may be altered in any respect (save for the Post-IPO RSU Scheme Limit) by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any selected participant unless otherwise provided for in the rules of the Post-IPO RSU Scheme, except:

(i) with the consent in writing of selected participants amounting to three-fourths in nominal value of all RSUs held by the RSU Trustee on that date; or

(ii) with the sanction of a special resolution that is passed at a meeting of the selected participants amounting to three-fourths in nominal value of all RSUs held by the RSU Trustee on that date.

13. Termination

The Post-IPO RSU Scheme shall terminate on the earlier of:

(i) the end of the period of ten years commencing on the Listing Date except in respect of any non-vested RSUs granted hereunder prior to the expiration of the Post-IPO RSU Scheme, for the purpose of giving effect to the vesting in the form of Award Shares of such RSUs or otherwise as may be required in accordance with the provisions of the Post-IPO RSU Scheme; and

(ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO RSU Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the RSUs already granted to a selected participant.

14. Administration of the Post-IPO RSU Scheme

Our Company has established a committee comprising of, among others, Directors and senior management members, for the administration of the Post-IPO RSU Scheme.

15. General

As of the Latest Practicable Date, no RSU had been granted or agreed to be granted under the Post-IPO RSU Scheme.

An application has been submitted to the Listing Committee for the listing of, and permission to deal in, the Shares which may be issued pursuant to the Post-IPO RSU Scheme.

F. POST-IPO SHARE OPTION SCHEME

A summary of the principal terms of the Post-IPO Share Option Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by resolutions of our Shareholders on April 30, 2021 is as follows.

1. Purpose

The Post-IPO Share Option Scheme is established to reward employees for their past contribution to the success of the Company, and to provide incentives to them to further contribute to the Company.

2. Selected participants

Any individual, being an employee, director or officer of any member of our Group ("**Selected Participant**") who the Board may in its absolute discretion select to grant an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price (as defined below).

3. Maximum number of Shares

The maximum number of Shares in respect of which Options may be granted under the Post-IPO Share Option Scheme when aggregated with the maximum number of Shares in respect of which Options may be granted under any other option scheme over Shares shall not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO Share Option Scheme (or of the refreshing of the 10% limit) by the shareholders of the Company, being 45,297,617 Shares. Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating the 10% limit. Within the aforesaid 10% limit (or alternatively subject to the approval of shareholders of the Company in general meeting), the maximum number of Shares to be issued upon exercise of all outstanding Options under this Post-IPO Share Option Scheme may be increased by increments as determined by the Board, provided that the total number of Shares to be issued upon exercise of all outstanding Options under the Post-IPO Share Option Scheme and all other schemes of the Company granted and yet to be exercised does not exceed 30% of all the Shares in issue from time to time. No Option may be granted under the Post-IPO Share Option Scheme if this will result in the limit being exceeded.

The maximum number of Shares shall be adjusted, in such manner as the auditor of the Company shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of the Company whether by way of capitalization of profits

or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction to which the Company is a party.

4. Maximum entitlement of a grantee

Except with the approval of shareholders in general meeting with the prospective Grantee and his associates abstaining from voting, no Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options and any other Option over the Shares (including exercised, canceled and outstanding Options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time. The Company shall send a circular to its shareholders containing the information required under the Listing Rules. The number and terms of the Options to be granted to such prospective Grantee shall be fixed before the shareholders' approval of the grant of such Options and the date of Board meeting for proposing such further grant should be taken as the Offer Date for the purpose of calculating the Subscription Price.

5. Performance target

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, subject to the provisions of the Listing Rules, the Board may in its absolute discretion specify such event, time limit or conditions (if any) as it thinks fit including, without limitation, conditions as to performance criteria to be satisfied and/or the Company and/or the Group which must be satisfied before an Option can be exercised, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the Post-IPO Share Option Scheme.

6. Subscription price

The amount payable for each Share to be subscribed for under an option ("**Subscription Price**") in the event of the option being exercised shall be determined by the Board at its absolute discretion, but shall be not less than the greater of:

(i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;

(ii) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share on the date of grant,

provided that, for the purpose of determining the Subscription Price where the Shares have been listed on the Stock Exchange for less than five business days, the issue price of the Shares in the Company's Global Offering of the Shares shall be used as the closing price of the Shares for any business day falling within the period before the listing of the Shares on the Stock Exchange.

7. Rights are personal to grantee

An Option is personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Post-IPO Share Option Scheme.

8. Options granted to Connected Persons

The approval of independent non-executive Directors of the Company (excluding any independent non-executive director of the Company who is intended to be a grantee of the Option) will be required for each grant of Options to a director, chief executive, or substantial shareholder of the Company or any of their respective associates.

If a grant of Option(s) to a substantial shareholder or an independent non-executive Director of the Company or their respective associates will result in the total number of Shares issued and to be issued upon exercise of all the options granted and to be granted (including options exercised, canceled and outstanding) to such person under the Post-IPO Share Option Scheme and any other scheme in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue from time to time; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet at the date of each grant, in excess of HK$5 million,

such further grant of Option(s) must be approved by the shareholders of the Company, voting by way of poll. In this case the Board shall procure that all the requirements of the Listing Rules relating to sending a circular to shareholders are complied with. All Connected Persons of the Company shall abstain from voting in favor of the resolution at such general meeting.

9. Grant offer letter and notification of grant of options

An offer of the grant of an Option shall be made to any Grantee by letter in such form as the Board may from time to time determine specifying the number of Shares, the Subscription Price, the Option Period, the date by which the grant must be accepted being a date not more than 28 days after the Offer Date (provided such offer shall be open for

acceptance after the effective period of the Post-IPO Share Option Scheme) and further requiring the employee to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Share Option Scheme. The letter shall also state that the offer of an Option shall be personal to the employee concerned and shall not be transferable. The inadvertent non-compliance with the requirements of the above shall not render the grant of an Option invalid if the Board so determines and makes such remedial action, if any, as it deems appropriate in its absolute discretion.

An Option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the Option duly signed by the Grantee together with a payment to the Company and/or any of its Subsidiaries of HK$1 (or the equivalent of HK$1 in the local currency of any jurisdiction where the company and/or its Subsidiaries operate, as the Board may in its absolute discretion determine) by way of consideration for the grant thereof is received by the Company within the time period specified in the offer of the grant of the Option. Such remittance shall not be refundable.

Any offer of the grant of an Option may be accepted or deemed to have been accepted in respect of any number of Shares up to the number in respect of which the Option is offered provided that it is accepted in respect of a Board Lot or an integral multiple thereof. To the extent that the offer of the grant of an Option is not accepted within 28 days after the Offer Date, it will be deemed to have been irrevocably declined and will lapse, unless the Board in its absolute discretion determines otherwise.

10. Restriction of grant of options

No Option shall be offered or granted:

(a) to any employee after inside information has become to the Company's knowledge until (and including) the trading day after the Company has announced the information;

(b) to any employee during the period commencing one month immediately before the earlier of:

  (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

  (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. No Option shall be granted during any period of delay in publishing a results announcement.

(c) to any director of the Company (except where the Subscription Price is to be determined by the Board at the time of exercise of the Option):

(i) during the period of 60 days immediately preceding the publication of the annual results of the Company or, if shorter, the period from the end of the relevant financial year up to the publication of the results; or

(ii) during the period of 30 days immediately preceding the publication of the quarterly (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication of the results.

11. Time of exercise of an Option

Subject as provided in the Post-IPO Share Option Scheme and any conditions specified by the Board, an Option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

12. Lapse of Option

Any Option shall elapse automatically and not be exercisable on the earliest of:

(a) the expiry of the Option Period;

(b) subject to the date of the commencement of the winding-up of the Company;

(c) the date on which the Grantee ceases to be an employee of the Company by reason of the summary termination of his employment or office on any one or more of the grounds that he has been guilty of misconduct, or has been convicted of any criminal offense involving his integrity or honesty or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant company in the Group would be entitled to terminate his employment or office summarily at common law or pursuant to any applicable laws or under the Grantee's service contract with relevant company in the Group;

(d) where the Grantee is an employee of a subsidiary of the Company, the date on which such subsidiary ceases to be a member of the Group;

(e) the date on which the Option is canceled by the Board;

(f) the date on which the Grantee commits a breach of Post-IPO Share Option Scheme rule; or

(g) the occurrence or non-occurrence of any event, expiry of any period, or non-satisfaction of any condition, as specified in the letter containing the offer or grant of the relevant Option.

13. Voting and dividend rights

No dividends shall be payable and no voting rights shall be exercisable in relation to any options or Shares that are the subject of options that have not been exercised.

14. Effects of alterations in the capital structure of our Company

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made to:

(a) the number or nominal amount of Shares, the subject matter of the Option (insofar as it is unexercised); and/or

(b) the aggregate number of Shares subject to outstanding Options; and/or

(c) the Subscription Price; and/or

(d) the method of exercise of the Option,

as the auditor of the Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any adjustment shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustment shall remain the same, or as nearly as possible the same as that to which he was entitled to subscribe had he exercised all the Options held by him immediately before such adjustment, but so that no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to alter any terms of the relevant Option to the advantage of the Grantee without the approval of the shareholders of the Company.

If there has been any alteration in the capital structure of the Company as referred to in the Company shall, upon receipt of a notice from the Grantee, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made pursuant to the certificate of the auditor of the Company obtained by the Company for such purpose, or if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the auditor of the Company to issue a certificate in that regard.

15. Rights on takeover and schemes of compromise or arrangement

If a general or partial offer (whether by way of take-over offer, share repurchase offer or otherwise in like manner other than by way of a scheme of arrangement) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror) the Company shall use its best endeavors to procure that such offer is extended to all the Grantees (on the same terms mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company). If such offer becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise his outstanding Option(s) in full at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

16. Rights on a voluntary winding up

In the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court being made for the winding-up of the Company, notice thereof shall be given by the Company to Grantees with Options outstanding in full or in part at such date. If a Grantee immediately prior to such event had any outstanding Options, the Grantee (or his legal personal representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the Options had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice, such notice to be accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Grantee shall be duly issued and allotted with the relevant Shares (or treated as such by the Company) and entitled to receive out of the assets available in the liquidation pari passu with the holders of Shares such sum as would have been received in respect of the Shares that are the subject of such election.

17. Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends and other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor falls before the date of allotment.

18. Duration

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Share Option Scheme becomes unconditional, after which period no further Options will be granted by the provisions of the Post-IPO Share Option

Scheme, but the provisions of this Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

19. Alteration of the Post-IPO Share Option Scheme

The Board may subject to the rules of the Post-IPO Share Option Scheme amend any of the provisions of the Post-IPO Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Post-IPO Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).

Those specific provisions of the Post-IPO Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of selected participants, and no changes to the authority of the administrator of the Post-IPO Share Option Scheme in relation to any alteration of the terms of the Post-IPO Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms of the Post-IPO Share Option Scheme which are of a material nature, or any change to the terms and conditions of options granted (including those granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates), must also, to be effective, be approved by our Shareholders in general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme. The options and the Post-IPO Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules. Any change to the authority of the Directors or Post-IPO Share Option Scheme administrators in relation to any alternation to the terms of the Post-IPO Share Option Scheme must be approved by Shareholders in general meeting.

Notwithstanding any provisions to the contrary in the Post-IPO Share Option Scheme, if on the relevant date of exercise there are restrictions or conditions imposed by the relevant laws and regulations to which the grantee is subject and the grantee has not obtained approval, exemption or waiver from the relevant regulatory authorities for the subscription of and dealing in our Shares, the grantee may sell the options to such transferee, subject to the approval by the Board, which shall not unreasonably withhold or delay such approval. In the event that the options are transferred to a connected person of our Company, no Shares shall be allotted and issued upon the exercise of the options by a connected person of our Company unless the Board is satisfied that the allotment and issue of Shares will not trigger any breach of the Listing Rules, the Articles of Association, the Companies Act or the Takeovers Code.

20. Termination

The Company by an ordinary resolution in general meeting or the Board may at any time terminate the operation of the Post-IPO Share Option Scheme and in such event no further Options will be offered but the provisions of the Post-IPO Share Option Scheme shall remain in full force in all other respects. All Options granted but unexercised prior to such termination shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Post-IPO Share Option Scheme.

21. Value of Option

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Post-IPO Share Option Scheme as if they had been granted as of the Latest Practicable Date. Any such valuation will have to be made on the basis of a certain option pricing model or other method that depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options granted as of the Latest Practicable Date would be based on a number of speculative assumptions that are not meaningful and would be misleading to investors.

22. Administration of the Post-IPO Share Option Scheme

Our Company has established a committee comprising of, among others, Directors and senior management members, for the administration of the Post-IPO Share Option Scheme.

23. General

As of the Latest Practicable Date, no option had been granted or agreed to be granted under the Post-IPO Share Option Scheme.

An application has been made to the Listing Committee of the Stock Exchange for listing of and permission to deal in the Shares which may be issued pursuant to the exercise of any options which may be granted under the Post-IPO Share Option Scheme.

G. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in the section headed "Risk Factors" in this Prospectus and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue (including the Shares or conversion of Preferred Shares and the Shares issued under the 2019 Equity Incentive Plan) and to be issued pursuant to (i) the Global Offering, (ii) the Over-allotment Option; (iii) the 2019 Equity Incentive Plan; (iv) the Post-IPO RSU Scheme and (v) the Post-IPO Share Option Scheme.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of US$500,000 for acting as a sponsor for the Listing.

4. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this Prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
Goldman Sachs (Asia) L.L.C.	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
UBS Securities Hong Kong Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants under the Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under the Financial Reporting Council Ordinance (Cap. 588)

Name	Qualification
Global Law Office	Legal adviser to our Company as to PRC law
Maples and Calder (Hong Kong) LLP	Legal adviser to our Company as to Cayman Islands law
Frost & Sullivan International Limited	Industry Consultant
Venture Partner, LLC	Legal adviser to our Company as to U.S. intellectual property law

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

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. Bilingual Prospectus

The English language 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 (Cap. 32L).

7. Preliminary expenses

We have not incurred any material preliminary expense.

8. Other Disclaimers

(a) Save as disclosed in the sections headed "Financial Information" and "Underwriting" in this Prospectus, within the two years immediately preceding the date of this Prospectus:

(i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iii) 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 our subsidiaries.

(b) Save as disclosed in the sections headed "Financial Information", "Underwriting" and "Risk Factors" in this Prospectus:

(i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(ii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.

(c) Save as disclosed in the sub-section headed "B. Further Information about our Business — 1. Summary of Material Contracts" in this section, none of our Directors or proposed Directors or experts (as named in this Prospectus), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date of this Prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(d) We do not have any promoters. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this Prospectus within the two years immediately preceding the date of this Prospectus.

(e) There is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this Prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) a copy of the GREEN Application Form; (ii) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 4. Consents of Experts" in this Prospectus; and (iii) copies of each of the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts" in this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Davis Polk & Wardwell at The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this Prospectus:

(a) the Memorandum and the Articles;

(b) the Cayman Companies Act;

(c) the Accountant's Report of our Group received from PricewaterhouseCoopers, the text of which is set out in Appendix I to this Prospectus;

(d) the audited consolidated financial statements of our Company for the two financial years ended December 31, 2019 and 2020;

(e) the report from PricewaterhouseCoopers relating to the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this Prospectus;

(f) the PRC legal opinions issued by Global Law Office, our PRC Legal Adviser in respect of certain general corporate matters and property interests of our Group under PRC law and in respect of certain aspects of PRC law referred to in the section headed "Contractual Arrangements" in this Prospectus;

(g) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal adviser on Cayman Islands law, summarizing certain aspects of the Cayman Islands company law referred to in Appendix IV to this Prospectus;

(h) the industry report prepared by Frost & Sullivan referred to in the section headed "Industry Overview" in this Prospectus;

(i) the U.S. legal opinion issued by Venture Partner, LLC, our legal adviser on U.S. intellectual property law, summarizing certain intellectual property matters of our Group under U.S. law;

(j) the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in this Prospectus;

(k) the service contracts and the appointment letters with our Directors referred to in the section headed "Statutory and General Information — C. Further Information about our Directors — 1. Particulars of Directors' Service Contracts and Appointment Letters" in this Prospectus;

(l) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 4. Consents of Experts" in this Prospectus;

(m) the terms of the 2019 Equity Incentive Plan and list of grantees under the 2019 Equity Incentive Plan, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(n) the terms of the Post-IPO RSU Scheme; and

(o) the terms of the Post-IPO Share Option Scheme.


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