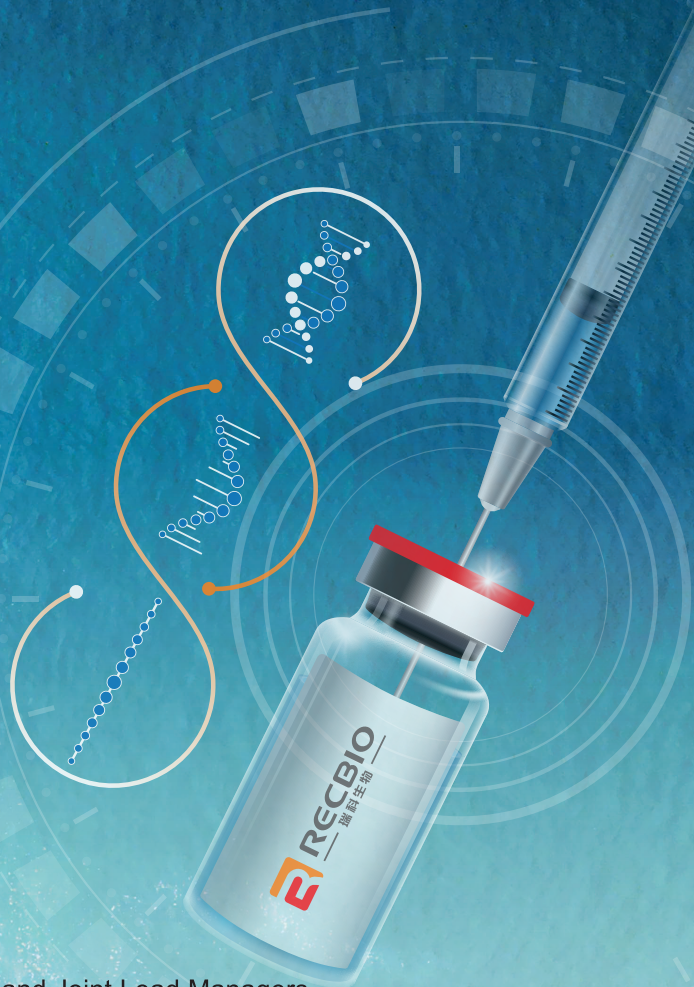
瑞科生物
RECBIO

江蘇瑞科生物技術股份有限公司
Jiangsu Recbio Technology Co., Ltd.

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

Stock Code: 2179

Global Offering



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

Morgan Stanley CMBI 招銀国际 CITIC SECURITIES

Joint Bookrunners and Joint Lead Managers

兴证国际 INDUSTRIAL SECURITIES INTERNATIONAL 海通國際 HAITONG 廣發証券(香港) GF SECURITIES (HONG KONG) 安信國際 ESSENCE INTERNATIONAL 華盛証券 Valuable Capital Limited

Joint Lead Manager

利弗莫尔证券

IMPORTANT

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

Jiangsu Recbio Technology Co., Ltd.
江蘇瑞科生物技術股份有限公司

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

GLOBAL OFFERING

Number of Offer Shares in the Global Offering	**:**	**30,854,500 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**3,085,500 H Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**27,769,000 H Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	**:**	**HK$24.80 per H Share, plus brokerage of 1%, Stock Exchange trading fee of 0.005%, SFC transaction levy of 0.0027% and FRC transaction levy of 0.00015% (payable in full on application in Hong Kong Dollars and subject to refund)**
Nominal Value	**:**	**RMB1.00 per H Share**
Stock Code	**:**	**2179**

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

Morgan Stanley CMBI 招銀國際 CITIC SECURITIES

Joint Bookrunners and Joint Lead Managers ***Joint Lead Manager***

兴证国际 INDUSTRIAL SECURITIES INTERNATIONAL 海通國際 HAITONG 廣發証券(香港) GF SECURITIES (HONG KONG) 安信國際 ESSENCE INTERNATIONAL 華盛証券 Valuable Capital Limited 利弗莫尔证券

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 VIII—Documents Delivered to the Registrar of Companies and Available on Display" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price will be HK$24.80. Applicants for Hong Kong Offer Shares are required to pay, on application, the offer price of HK$24.80 for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%.

The Joint Representatives (on behalf of the Underwriters, and with our consent) may reduce the number of Offer Shares and/or the Offer Price 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 a case, a notice of the reduction in the number of Offer Shares and/or the offer price will be published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.recbio.cn not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in the sections entitled "Structure and Conditions of the Global Offering—Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, then such applications can be subsequently withdrawn if the number of Offer Shares and/or the Offer Price is so reduced.

We are incorporated, and substantially all of our businesses are located in the PRC. Potential investors should be aware of the differences in legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investments in PRC-incorporated companies. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our H Share. Such differences and risk factors are set out in "Risk Factors," "Appendix V—Summary of Principal Legal and Regulatory Provisions" and "Appendix VI—Summary of the Articles of Association" to this prospectus. Prior to making an investment decision, prospective investors should consider carefully all the information set forth in this prospectus, including but not limited to the risk factors set forth 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 applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Joint Representatives (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the H Shares commences on the Stock Exchange. Such grounds are set out in the section entitled "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" 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 laws of the United States and may not be offered, sold, pledged or transferred within the United States 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 or pursuant to another exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and (ii) outside the United States in offshore transactions in reliance on Regulation S to investors.

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 Stock Exchange at www.hkexnews.hk and our website at www.recbio.cn. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

Monday, March 21, 2022

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 form to the public in relation to the Hong Kong Public Offering.

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.recbio.cn. 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.

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" in this prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **White Form eIPO** service or the **CCASS EIPO** service 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.

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	12,524.97	6,000	150,299.68	40,000	1,001,997.87	400,000	10,019,978.72
1,000	25,049.95	7,000	175,349.63	45,000	1,127,247.60	500,000	12,524,973.40
1,500	37,574.92	8,000	200,399.58	50,000	1,252,497.34	600,000	15,029,968.08
2,000	50,099.89	9,000	225,449.52	60,000	1,502,996.81	700,000	17,534,962.76
2,500	62,624.86	10,000	250,499.47	70,000	1,753,496.27	800,000	20,039,957.44
3,000	75,149.84	15,000	375,749.20	80,000	2,003,995.75	900,000	22,544,952.12
3,500	87,674.81	20,000	500,998.93	90,000	2,254,495.21	1,000,000	25,049,946.80
4,000	100,199.79	25,000	626,248.67	100,000	2,504,994.68	1,542,500[(1)]	38,639,542.94
4,500	112,724.76	30,000	751,498.41	200,000	5,009,989.36		
5,000	125,249.74	35,000	876,748.14	300,000	7,514,984.04		

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

No application for any other number of the 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 Global Offering, we will issue an announcement in Hong Kong to be published on the websites of Stock Exchange at **www.hkexnews.hk** and our Company at **www.recbio.cn**.*

Hong Kong Public Offering commences ..... 9:00 a.m. on Monday, March 21, 2022

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, March 24, 2022

Application lists open[3] ..... 11:45 a.m. on Thursday, March 24, 2022

Latest time for (a) completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4]. ..... 12:00 noon on Thursday, March 24, 2022

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, March 24, 2022

Announcement of:

- the level of applications in the Hong Kong Public Offering;
- the level of indications of interest in the International Offering; and
- the basis of allocation of the Hong Kong Offer Shares to be published on our website at **www.recbio.cn**[5] and the website of the Stock Exchange at **www.hkexnews.hk** on or before ..... Wednesday, March 30, 2022

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 published on our website at **www.recbio.cn**[5] and the website of the Stock Exchange at **www.hkexnews.hk** . . . . . Wednesday, March 30, 2022

- 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 Wednesday, March 30, 2022 to 12:00 midnight on Tuesday, April 5, 2022

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on . . . . . Wednesday, March 30, 2022, Thursday, March 31, 2022, Friday, April 1, 2022 and Monday, April 4, 2022

H Share certificates in respect of wholly or partially successful applications to be dispatched/collected or deposited into CCASS on or before[6][8] . . . . . Wednesday, March 30, 2022

White Form e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering to be dispatched/collected on or before[7][8] . . . . . Wednesday, March 30, 2022

Dealings in H Shares on the Stock Exchange expected to commence at . . . . . 9:00 a.m. on Thursday, March 31, 2022

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 Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, March 24, 2022, the application lists will not open and will close on that day. For further details, please see the section headed "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather and/or Extreme Conditions 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 Hong Kong Offer Shares – 6. Applying through **CCASS EIPO** service" in this prospectus.

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

(6) No temporary documents of title will be issued in respect of the Offer Shares. H Share certificates for the Hong Kong Offer Shares will only become valid evidence of title provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with their terms prior to 9:00 a.m. on the Listing Date. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid do so at their own risk.

(7) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering. 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.

(8) 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 H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, March 30, 2022 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 H 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 Hong Kong Offer Shares – 14. Despatch/Collection of H 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.

H 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 Hong Kong Offer Shares – 13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares – 14. Despatch/Collection of H Share Certificates and Refund Monies".

The H Share certificates will only become valid evidence of title provided that the Global Offering has become unconditional in all respects and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with their respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Thursday, March 31, 2022. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

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 and Conditions of the Global Offering" and "How to Apply for 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.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or a solicitation of an offer to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. 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.

You should rely only on the information contained in this prospectus and the GREEN Application Form to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, Joint Representatives, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers or representatives, or any other person or party 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 decided to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. In particular, we are a biotechnology company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with investing in companies such as ours. Your investment decision should be made in light of these considerations.

OVERVIEW

Founded in 2012, we are a vaccine company dedicated to the research, development and commercialization of subunit vaccines. We primarily focus on the research and development ("**R&D**") of HPV vaccine candidates. We have established a vaccine portfolio consisting of 12 vaccine candidates, including our Core Product, REC603, a recombinant HPV 9-valent vaccine to prevent cervical cancer which is currently under phase III clinical trial. We have completed subject enrollment for REC603 and we plan to complete the three-shot dosing in the first half of 2022, and to submit the BLA application to the NMPA by 2025. In 2020, China HPV vaccine market is highly concentrated, with Gardasil and Gardasil 9 of Merck Sharp & Dohme ("**Merck**") accounting for approximately 91.0% of the total market in 2020 in terms of production value. Nevertheless, China HPV market remains underserved. Since the approval of Gardasil in 2017 and Gardasil 9 in 2018 in China, the total lot release till 2020 in China amounted to 16.9 million for Gardasil and 9.6 million for Gardasil 9, respectively, according to Frost & Sullivan. According to the same source, HPV vaccines generally have a low full-course vaccination rate of less than 1% in China in terms of total population by the end of 2020 and it is expected that there will be 233.9 million females in China aged 9-45 unvaccinated for HPV in 2025 even taking into account the expected growth in vaccination rate of HPV vaccines, representing a potentially total of additional 701.7 million doses needed assuming three doses per person.

WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR CORE PRODUCT, OR ANY OF OUR PIPELINE PRODUCTS.

We have established an integrated product development matrix management and operation system ("**IPD System**"), enabling us to advance the R&D of vaccine candidates simultaneously. To date, we have established a vaccine portfolio consisting of 12 candidates. The following table summarizes our vaccine portfolio as of the Latest Practicable Date.

Diseases	Candidates	Type of Vaccine	Adjuvant Systems	Product Rights[5]	Commercial Rights	R&D Status	Future Milestone
Cervical Cancers & Genital Warts	REC603	Recombinant HPV 9-valent vaccine ★	Alum	Self-developed	Global	Phase III[4]	Expected to submit BLA application in 2025
	REC601	Recombinant HPV bivalent (Types 16/18) vaccine	Alum	Self-developed	Global	Phase II	Expected to submit BLA application in 2025
	REC602	Recombinant HPV bivalent (Types 6/11) vaccine	Alum	Self-developed	Global	Phase II	Expected to submit BLA application in 2025
	REC604a	2nd-generation recombinant HPV quadrivalent vaccine	Undisclosed novel adjuvant[3]	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2022
	REC604b	2nd-generation recombinant HPV 9-valent vaccine	Undisclosed novel adjuvant[3]	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2023
COVID-19	ReCOV	Recombinant COVID-19 vaccine	BFA03	Co-developed[1]	Global	Phase II[6]	Expected to submit EUA/BLA application in 2022
	R520A	mRNA COVID-19 Vaccine	-	Co-developed[7]	Global	Pre-clinical	Expected to submit IND filing in 2022H1
Shingles	REC610	Recombinant shingles vaccine	Undisclosed novel adjuvant[3]	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2022, BLA application in 2024
Adult TB	REC607	Virus vectored adult TB vaccine ★	-	License-in[2]	Global	Pre-clinical	Expected to submit IND filing in 2023, BLA application in 2026
	REC606	Recombinant adult TB vaccine	BFA01	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2023, BLA application in 2026
Flu	REC617	Recombinant influenza quadrivalent vaccine	Undisclosed novel adjuvant[3]	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2023, BLA application in 2025
HFMD	REC605	Recombinant HFMD quadrivalent vaccine	Alum	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2023, BLA application in 2026

★ Core Product ★ Major National Science and Technology Project

(1) ReCOV was co-developed with Jiangsu Province Center for Disease Control and Prevention and the Management Committee of Taizhou Medical New & Hi-tech Industrial Development Zone.

(2) REC607 was licensed in from Shanghai Public Health Clinical Center, ID Pharma Co., Ltd. and Shanghai Saimo Biotechnology Ltd.

(3) "Undisclosed novel adjuvant" refers to a novel self-developed novel adjuvant to be adopted in the vaccine candidate.

(4) Our Core Product, REC603, obtained the umbrella IND approval from the NMPA in July 2018. The umbrella IND approval covers all three phases (phase I, II and III) clinical trials of REC603. Based on communications with the CDE of the NMPA, the NMPA has no objection for us to proceed phase III clinical trial in China directly. Accordingly, we did not conduct any phase II clinical trial for REC603.

(5) All of our self-developed product candidates, including those developed prior to the acquisition of Beijing ABZYMO in January 2019 are co-developed and co-owned by Beijing ABZYMO and us. For details, see "History, Development and Corporate Structure."

(6) We obtained the preliminary data for the phase I New Zealand trial for ReCOV in October 2021 and we are currently finalizing data analysis and clinical trial report for such trial. Based on the partial unblinded data from the phase I trial, we subsequently obtained the IND approval for ReCOV to conduct multicenter phase II/III trial in January 2022. We plan to submit the EUA/BLA application for ReCOV in 2022.

(7) R520A is a mRNA COVID-19 vaccine candidate developed by Wuhan Recogen, a joint venture established by us and our business partners for the R&D and commercialization of mRNA vaccines. As of the Latest Practicable Date, we owned 55% of the equity interest in Wuhan Recogen. For details, see "Summary – Recent Development and No Material Adverse Change."

OUR BUSINESS MODEL

We are a vaccine company with a high-value vaccine portfolio driven by in-house developed technologies. We operate a business model focused on in-house research and development of novel vaccines. In addition, we also strategically established business collaborations to co-develop ReCOV and REC607. Going forward, we will continue to advance our remaining pipeline of clinical-stage and pre-clinical stage vaccine candidates and discover new vaccine candidates over time.

OUR VACCINE PORTFOLIO

HPV Vaccine Pipeline

HPV is the most common viral pathogen of the reproductive tract. Although HPV infections may clear up within a few months without any intervention, certain types of HPVs can persist and progress to cervical cancer. These high-risk HPV infections are mainly caused by HPV types 16, 18, 31, 33, 45, 52 and 58, which account for approximately 90% of cervical cancer cases globally. In 2020, cervical cancer has caused approximately 4,290 deaths in US and 59,060 deaths in China.

Our Core Product, REC603, is a recombinant HPV 9-valent vaccine candidate designed to provide protection against HPV types 6, 11, 16, 18, 31, 33, 45, 52 and 58. We expect the major customers for our Core Product will be individual customers instead of CDCs, considering that it is unlikely that HPV 9-valent vaccines will be included in the national vaccination regime in China. In addition to REC603, we are also developing two recombinant HPV bivalent vaccine candidates, namely REC601 and REC602, targeting HPV 16/18 and HPV 6/11, respectively. The bivalent vaccine candidates are designed as HPV protection solutions for people with different affordabilities and have the potential to be included in the national vaccination regime in China and other jurisdictions. Both REC601 and REC602 are currently under phase I clinical trial in China.

We are also developing REC604a and REC604b, a recombinant HPV quadrivalent vaccine and a recombinant HPV 9-valent vaccine adopting our self-developed novel adjuvant benchmarking AS04. With the powerful novel adjuvant, we believe these vaccines have the potential to adopt a two-shot dosing regimen.

Market Opportunity and Competition

In China, the HPV vaccine market has significant potential and is expected to grow rapidly in the next few years. Since the first approval of HPV vaccines in China in 2017, the HPV vaccine market size has grown to RMB13.5 billion in 2020 and is expected to reach RMB69.0 billion in 2030, representing a CAGR of 17.7% from 2020 to 2030. As of the Latest Practicable Date, there were four commercialized HPV vaccine products in China, including Cecolin of Xiamen Innovax Biotech (bivalent-type 16/18), Cervarix of GSK (bivalent-type 16/18), Gardasil (quadrivalent – type 6/11/16/18) and Gardasil 9 (9-valent – type

6/11/16/18/31/33/45/52/58) of Merck, which were generally sold at affordable prices as of the Latest Practicable Date. In 2020, the China HPV vaccine market is highly concentrated, with Gardasil and Gardasil 9 accounting for approximately 91.0% of the total market in 2020 in terms of production value.

From 2015 to 2020, the global sales revenue of HPV products of Merck has increased from US$1.9 billion to US$3.9 billion at a CAGR of 15.6%, indicating their efforts in scaling up the manufacturing capacities of HPV vaccines. Since the approval of Gardasil and Gardasil 9 in China in 2017 and 2018, the annual lot release (equivalent to dose) of Gardasil in China amounted to 0.3 million, 3.8 million, 5.5 million and 7.2 million from 2017 to 2020, respectively. During the same period, the annual lot release of Gardasil 9 in China amounted to 1.2 million, 3.3 million and 5.1 million from 2018 to 2020, respectively. As such, the total number of females that have received all three doses of Gardasil and Gardasil 9 in China were less than 8.8 million by the end of 2020. Nevertheless, according to Frost & Sullivan, HPV vaccines generally have a low full-course vaccination rate of less than 1% in China in terms of total population by the end of 2020 and it is expected that there will be 233.9 million females in China aged 9-45 unvaccinated for HPV in 2025 even taking into account the expected growth in vaccination rate of HPV vaccines, representing a potentially total of additional 701.7 million doses needed assuming 3 doses per person. Even if the manufacturing capacity of Merck continues to scale up at a similar level, there will be a significant supply gap of HPV vaccines in China. As such, our Directors believe that it is unlikely that Merck's scalability to increase its production of its HPV vaccine products will capture all the unmet market demand and there will continue to be significant opportunities for our HPV vaccine candidates. Based on the discussion with management of the Company and Frost & Sullivan so far and to the best knowledge and information of the Joint Sponsors, nothing has come to the attention of the Joint Sponsors for them to cast doubt on the view of our Directors expressed above.

We believe there are significant opportunities for our HPV vaccine candidates, considering the following factors.

- ***Superiority of HPV 9-valent vaccines.*** In general, HPV 9-valent vaccines can provide protection against 90% of cervical cancer and 90% of the anal and genital warts and therefore are the most recommended vaccines for HPV protection. However, currently there is only one HPV 9-valent vaccine approved in China. It is expected HPV 9-valent vaccines will account for a larger market share in China after more HPV 9-valent vaccines are approved in China, according to Frost & Sullivan.

- ***Significantly underserved HPV 9-valent market in China.*** Gardasil and Gardasil 9 was approved in China in 2017 and 2018, respectively. Since then, the total lot release till 2020 in China amounted to 16.9 million for Gardasil and 9.6 million for Gardasil 9, respectively, according to Frost & Sullivan. According to Frost & Sullivan, even taking into account of the expected growth in vaccination rate of HPV vaccines, there will be 233.9 million females aged 9 to 45 unvaccinated for HPV in 2025, representing a potentially total of 701.7 million doses needed. In addition, the types of HPV serotypes that can infect women can also infect men. Studies have also shown that, males also have similar rates of HPV infection as females. As such, we believe China's HPV vaccine market is, and will continue to be significantly underserved.

- ***Domestic Substitute.*** According to Frost & Sullivan, the first domestic bivalent HPV vaccine accounted for 66.7% within the bivalent section of China's HPV market in terms of production value in the first year of its launchment by virtue of its cost effectiveness, even if it is only approved in 2019 whereas the first imported bivalent HPV vaccine was approved in China in 2016. We believe, as concurred by Frost & Sullivan, considering that domestic vaccine products tend to adopt more favorable prices as compared to their global peers, HPV 9-valent vaccines will follow a similar trend in China after being approved. In recent years, Chinese government has also promulgated policies in favor of domestic HPV vaccine developers. For example, in 2019, the National Health Commission of the People's Republic of China released the "Healthy China Action—Cancer Prevention and Control Implementation Plan (2019-2022)", stating to accelerate the review and approval process of domestic HPV vaccines and improve the accessibility of HPV vaccines. As one of the few domestic vaccine companies to have phase III stage HPV 9-valent vaccine candidate, we believe we will benefit from such favorable government policies in the future.

- ***Broader age application.*** Although Merck has initiated phase III clinical trials in 2019 to expand the age application for Gardasil 9 to females aged 9 to 45, as of the Latest Practicable Date, Gardasil 9 was only approved for females aged between 16 to 26 years in China. Our Core Product, REC603, has also initiated phase III clinical trial for females aged 9 to 45 years in 2021, indicating a potential broader coverage in terms of age as compared to the current approved vaccines.

- ***Next-generation HPV vaccines under development.*** We are also developing next generation quadrivalent and 9-valent HPV vaccine candidates with novel adjuvants, which are designed to adopt a two-shot regimen without compromising the efficacy/safety profile of vaccine candidates, and are potentially superior as compared to the commercialized products as they are all adopting three-shot regimen.

We plan to adopt favorable and competitive pricing for our Core Product and will take into account a number of factors in pricing, such as our R&D and manufacturing costs, the cost of other HPV 9-valent vaccines, including Gardasil 9, the affordability in China as well as the market conditions at the time of approval when determining the price for our Core Product, REC 603. However, as REC603 is currently under phase III clinical trial, we have not formulated any concrete pricing strategy at this stage but we expect that the prices of REC603 will be generally lower than that of its competitors. We also expect the major customers for our Core Product will be individual customers instead of CDCs, considering that it is unlikely that HPV 9-valent vaccines will be included in the national vaccination regime in China. In addition, we are evaluating opportunities to initiate clinical trials to apply our Core Product in male population given the HPV serotypes can also infect men and males have similar rates of HPV infection as females, according to Frost & Sullivan. We may consider to initiate such clinical trials in China when appropriate.

For our HPV bivalent vaccine candidates, we plan to seek inclusion of the national vaccination regime in China. As of the Latest Practicable Date, none of the commercialized HPV vaccines are included in the national vaccination regime in China. However, in November 2020, the WHO announced the Global Strategy to Accelerate the Elimination of Cervical Cancer (the "**Strategy**"), with the objective of completing 90% HPV vaccination for the girls before age of 15 by 2030 and in December 2020 China's government has stated that it will fully support the Strategy to accelerate the elimination of cervical cancer. In addition, a member of National Committee of the Chinese People's Political Consultative Conference suggested the inclusion of HPV vaccine into the national immunization plan on May 21, 2020, which indicates that girls aged 9-14 may receive bivalent HPV vaccine free. Some local governments have launched pilot program to include HPV vaccines in local vaccination regime. Considering that (i) China's government stated that it will fully support WHO's Strategy to accelerate the elimination of cervical cancer; and (ii) HPV bivalent vaccines targeting HPV type 16 and 18 can generally provide protection against approximately 70% of cervical cancer cases globally, we believe HPV vaccines, in particular bivalent HPV vaccines in light of their affordabilities, will be included in the national vaccination regime in China in the foreseeable future.

We plan to adopt competitive price for our bivalent HPV vaccine candidates and we are currently building our HPV vaccine manufacturing facility that can support an annual manufacturing capacity of 30 million doses of HPV bivalent vaccines. Considering that (i) the PRC government has promulgated policies to encourage qualified provinces to include the HPV vaccine in the scope of public vaccination; (ii) in May 2020, a member of the National Committee of the Chinese People's Political Consultative Conference already proposed to include HPV vaccine into the national immunization program; and (iii) even if the five-year survival rate of cervical cancer, when being diagnosed at localized stage and regional stage, can be over 80% and 40%, respectively, cervical cancer has a five-year survival rate as low as 12.9% when the cancer is diagnosed at the stage of distant metastasis in China according to Frost & Sullivan. In October 2021, the Guangdong provincial government issued a notice that it planned to increase RMB600 million for free HPV vaccination from 2022 to 2024. Females under 14 years of age who have a student status in Guangdong Province, who have entered the first grade of junior middle school since September and have not been vaccinated will get the HPV vaccine free starting 2022. With the pilot promotion in Guangdong province of PRC, our Directors believe that HPV bivalent vaccine candidates are likely to be included in the national immunization plan.

Upon inclusion into the national list of immunization regime, it is expected that local government and CDCs will directly procure HPV bivalent vaccine products from manufacturers, which will generally result in a significant increase in the sales volume of such vaccine products. In the meantime, as the inclusion of national vaccination regime does not involve a competitive bidding process among vaccine manufacturers, it is unclear whether the price for such vaccines will decrease but normally the PRC government will only include affordable vaccine products into the list of national immunization regime. However, considering the severity of cervical cancer with a five-year survival rate of 12.9% if it is diagnosed at the stage of distant metastasis in China and the higher level of protection provided by the HPV 9-valent vaccines as compared to HPV bivalent/quadrivalent vaccines, HPV

9-valent vaccines have accounted for a larger market share in terms of production value than HPV bivalent vaccines, even if the per-dose bidding prices of HPV 9-valent vaccines are significantly higher than those of HPV bivalent vaccines. It is unlikely that HPV 9-valent vaccines will be included in the list of national immunization regime due to their high prices per dose and we expect that less price-sensitive group will continue to choose HPV 9-valent vaccines over lower valent HPV vaccines even if HPV bivalent vaccines are included in the national list of immunization regime.

In November 2020, the WHO announced the Strategy, with the objective of completing 90% HPV vaccination for the girls before age of 15 by 2030. In December 2020, China stated that it will fully support the Strategy to accelerate the elimination of cervical cancer. Although we only expect to submit BLA application for our HPV vaccine candidates currently under clinical trials in 2025, we believe we can benefit from the Strategy considering that (i) while the WHO has announced the Strategy, one of the key bottlenecks in China's HPV vaccine market is the manufacturing capacity and there will still be 233.9 million females aged 9-45 in China unvaccinated for HPV vaccines in 2025, even taking account of the expected growth in vaccination rate of HPV vaccines, representing a total of 701.7 million doses needed, assuming a three-shot dosing regimen; (ii) our current designed capacity of HPV manufacturing facility only represents that of the phase I construction project, which can be potentially expanded to over 10 million doses of HPV 9-valent vaccines or 60 million doses of HPV bivalent vaccines per year with the same manufacturing facility; (iii) we plan to build another manufacturing facility for HPV vaccines with reserved land, if needed, after our HPV vaccines are commercialized; (iv) we plan to adopt competitive prices for our HPV vaccines, which we currently expect will be lower than that of Gardasil or Gardasil 9; and (v) REC603, is one of the only five HPV 9-valent vaccine candidates that are currently under phase III clinical trial in China and therefore has the potential to become the first batch of the approved domestic HPV 9-valent vaccine products.

In order to enhance market acceptance for REC603 in China, we plan to gradually increase our academic promotion activities while our HPV vaccine candidates gradually approach commercialization. We are also exploring opportunities to collaborate with not-for-profit organizations to seek inclusion of our bivalent vaccine candidates in national vaccination regime in overseas jurisdictions. We plan to cooperate with not-for-profit organizations and local CDCs to organize seminars and participate in industry conferences to introduce the severity of cervical cancer, the importance of HPV vaccination and the competitiveness of our vaccine candidates. Considering that the major customers of REC603 are expected to be individual customers, we plan to seek opportunities to collaborate with insurance companies to include REC603 in their coverage. In addition, we plan to leverage the clinical data from phase III clinical trial in China, especially its head-to-head clinical data as compared to Gardasil 9 of Merck and strengthen our collaboration with KOLs to introduce REC603 to the market.

COVID-19 Vaccines

As of the Latest Practicable Date, the COVID-19 pandemic had caused a devastating social and economic impact in China and globally with over 452 million confirmed infection cases and over 6.0 million death globally. Based on the speech made by Dr. Zhong Nanshan (鍾南山) at the 20th Science Council of Asia Conference in May 2021, we believe that at least 89.2% of the global population will need to be vaccinated with a vaccine of 70% efficacy to reach herd immunity, indicating a considerable demand of COVID-19 vaccines. As of the Latest Practicable Date, there were over 30 COVID-19 vaccines that have been approved globally, which are currently dominating the COVID-19 market.

We are currently developing two COVID-19 vaccines. For our recombinant COVID-19 vaccine, ReCOV, we have initiated a phase I clinical trial in New Zealand. We obtained the preliminary data for the phase I New Zealand trial in October 2021. Based on the major safety and immunogenicity data and the partially unblinded efficacy data from the phase I trial, we subsequently obtained the clinical trial approval from the Philippines FDA to conduct the global phase II/III trial for ReCOV in January 2022. As of the Latest Practicable Date, we had initiated subject enrollment for the global phase II/III trial for ReCOV in the Philippines. In January 2022, we also obtained the unblinded clinical data for the remaining three cohorts and we are currently finalizing data analysis and clinical trial report as of the Latest Practicable Date.

Based on our protein engineering platform, ReCOV adopts a NTD-RBD-foldon protein structure, targeting both NTD and RBD, which are the main immunodominant regions on the spike (S) protein that mediate the entry of SARS-CoV-2 into cells expressing the angiotensin-converting enzyme 2. Utilizing our novel adjuvant platform, ReCOV applies our self-developed novel adjuvant BFA03, benchmarking AS03. Under the current regulation regime, BFA03 does not need to be separately registered at the FDA or the NMPA. As a self-developed novel adjuvant, we believe BFA03 also has the potential to be applied in other vaccine candidates we are developing as well and we will not sell BFA03 to third parties. We are also collaborating with our business partners with respect to a pre-clinical mRNA COVID-19 vaccine candidate, R520A.

We believe ReCOV has the following competitiveness: (i) novel mechanism of action involving an NTD-RBD-foldon trimer antigen highly expressed by CHO cells which is enriched with key epitopes, translating to potentially stronger immunogenicity, and higher protein yield; contains more conserved epitopes; and has better cross-protection against emerging variants; (ii) positive safety profile with its high purity antigen protein and a clinically proven adjuvant; and (iii) cost and scalability advantages. For details, see "Business – Our Vaccine Pipeline – COVID-19 Vaccines." In addition, based on the major safety and immunogenicity data and the partially unblinded clinical data we collected during its phase I clinical trial in New Zealand, ReCOV has shown that it has potential to induce similar or higher levels of neutralizing antibodies than other approved mRNA COVID-19 vaccines, further suggesting a potential better immune response of ReCOV.

We plan to gradually increase market acceptance of ReCOV after more clinical data are collected from its phase I clinical trial in New Zealand through academic promotions. In particular, we plan to participate in industry conferences to introduce the unique design of NTD-RBD-foldon trimer antigen and the clinical data we obtained from its phase I clinical trial (including the partially unblended clinical data we collected so far). In addition, we are currently negotiating with a leading China-based biopharmaceutical company in relation to the ex-China commercialization arrangement of ReCOV.

OUR STRENGTHS

We believe the following strengths have contributed to our success and differentiate us from our competitors: (i) a vaccine pipeline driven by protein engineering and novel adjuvant technology; (ii) one of the most comprehensive HPV pipeline worldwide[(1)] with five highly differentiated vaccine candidates to target the vast China HPV market, (iii) highly differentiated and clinical-stage adjuvant COVID-19 vaccine, (iv) a pipeline of vaccine candidates covering diseases with significant unmet needs, (v) self-developed technology platforms that support and drive the development of next generation vaccine candidates, (vi) scalable manufacturing capability; (vii) a seasoned management and scientific team consisting of leading scientists and industry experts.

OUR STRATEGIES

Our vaccine development are strategically focusing on disease areas with significant burden globally and the potential to be addressed by vaccination technologies. The layout of our product pipelines is primarily guided by the following philosophy – "OPTI", namely (i) vast market opportunities, (ii) prudence in resource allocation; (iii) advanced technologies; and (iv) intellectual property protections. For details, see "Business – Our Value Propositions."

Leveraging our strengths, we plan to implement the following strategies: (i) accelerate the R&D, clinical trial and commercialization of our vaccine candidates; (ii) continue to strengthen our R&D capabilities; (iii) refine our organization structure and human resource management to enhance our competitiveness; and (iv) advance our international strategy through "going-out" and "bringing-in" strategies.

(1) Based on our analysis and as concurred by Frost & Sullivan, among all the companies who are currently developing HPV vaccine candidates under clinial trials or have commercialized HPV vaccines, we are one of the two companies who have three HPV vaccine candidates or products globally, while other companies have at most two HPV vaccine candidates or products. In addition, we are also developing the second-generation HPV quadrivalent vaccine candidate and the second-generation HPV 9-valent vaccine candidate with novel adjuvant. As such, we believe we have one of the most comprehensive HPV vaccine portfolio worldwide.

RESEARCH AND DEVELOPMENT

R&D is crucial to our sustainable success. We are led by a core scientific team with over 20 years of experience in the research, development and commercialization of vaccine products, including working experience at the Centre for Disease Control and Prevention in China. As of the Latest Practicable Date, our in-house R&D team consisted of over 100 talented personnel, most of them held masters or doctorate degrees in immunology, pathogen biology, clinical medicine or other related areas. Benefiting from our IPD System, our R&D team comprises four different product development teams, namely the vaccine innovation core, process research core, comprehensive R&D core and R&D quality core. Our R&D team is primarily located in our Beijing R&D center and our Taizhou R&D base and are responsible for the full-cycle vaccine development.

Our IPD System lays a solid foundation for our R&D activities. The IPD System governs the entire life cycle of vaccine candidates. We conduct a market demand analysis for our vaccine candidates at the early stage of vaccine development. Such analysis will serve as the basis of our vaccine development program to ensure our vaccine products can meet the market demand. In addition, under the IPD System, our R&D resources are allocated for the goals of each R&D project. As vaccine development involves a complex and multi-disciplinary process, for each vaccine project we will assign a designated project manager and establish a product development team, consisting of employees from technology platforms and related departments including clinical and regulatory affairs, manufacturing, quality control and quality assurance. In addition, our management team are responsible for crucial decision-making and technical review at key points during the R&D process to ensure the R&D development can satisfy our R&D protocol and the applicable legal and quality requirements. Empowered by the IPD System, we have been able to advance multiple vaccine development programs simultaneously.

INTELLECTUAL PROPERTY

We actively seek patent protection for our vaccine candidates and file additional patent applications, when appropriate, to cover certain antigens, strains, proteins, formulations and production processes. We have developed a significant portfolio of intellectual property rights to protect our technologies and products. As of the Latest Practicable Date, we had registered 10 inventional patents in China. We also had 28 patent applications (26 Chinese patent applications, and 2 PCT patent applications which can be entered into China upon request before June 23, 2023) as of the same date. Among our patent portfolio, seven patents and ten pending patent applications are relating to our Core Product, with expiration dates after 2032. Except for four patents registered and four patent applications filed solely under Beijing ABZYMO, six patent applications filed under Jiangsu CDC, Beijing ABZYMO and our Company, all the remaining patent and patent applications were under Beijing ABZYMO and our Company. Our Directors confirm that there were not any instances of infringement of any third party's intellectual property rights during the Track Record Period and up to the Latest Practicable Date.

COLLABORATION AND LICENSING AGREEMENTS

Collaboration Agreement for ReCOV

On May 15, 2020, we entered into a collaboration agreement, as supplemented on July 8, 2021, with Jiangsu Provincial Center for Disease Control and Prevention ("**Jiangsu CDC**") and the Management Committee of Taizhou Medical New & High-tech Industrial Development Zone ("**Taizhou High-tech Committee**") (the "**Collaboration Agreement**"), pursuant to which parties mutually agreed to jointly develop the ReCOV. Under the Collaboration Agreement, we are responsible for the capital contributions for the research and development of the ReCOV. We are also responsible for providing certain technology platforms for the study and development of such vaccine, as well as the research and development of the vaccine throughout the whole development cycle.

Under the Collaboration Agreement, we need to pay an upfront payment of RMB1.0 million and several milestone payments in the total amount of RMB44.0 million based on the development progress of ReCOV. We also need to pay our partners a low single digit sales commission after successful commercialization. If either party commits a breach of the Collaboration Agreement, the other party may request to rectify, or terminate the Collaboration Agreement and the breaching party shall be responsible for losses associated with such breach. In addition, all the existing intellectual properties shall be owned by Jiangsu CDC, for which we have obtained the sole and exclusive rights to all intellectual property rights under the Collaboration Agreement to develop and commercialize the recombinant COVID-19 vaccine. All the patents arising from the collaboration, shall be each owned by Jiangsu CDC, Taizhou High-tech Committee and us based on contribution, and we enjoy the exclusive rights to utilize such patents.

Shareholder Collaboration Agreement for R520A

On August 28, 2021, we entered into a shareholder collaboration agreement (the "**Shareholder Collaboration Agreement**") with Shenzhen Rhegen Biotechnology Co., Ltd. (深圳市瑞吉生物科技有限公司) ("**Shenzhen Rhegen**") and Wuhan Aiweige Biotechnology Co., Ltd. (武漢艾維格生物科技有限公司) ("**Wuhan Aiweige**"), pursuant to which parties jointly agreed to jointly establish a joint venture in Wuhan namely Wuhan Recogen Biotechnology Co., Ltd. (武漢瑞科吉生物技術有限公司) ("**Wuhan Recogen**"), for the R&D and commercialization of mRNA vaccines. As the first step of this collaboration, each party agrees to focus on the application of mRNA technology in SARS-CoV-2, shingles and influenza. Under the agreement, Wuhan Recogen shall be owned as to 55% by us, 40% by Shenzhen Rhegen and 5% by Wuhan Aiweige. The board of Wuhan Recogen shall consist of five directors, three of which shall be appointed by us and two of which shall be appointed by Shenzhen Rhegen. All the patents arise from the research and development of mRNA vaccines by Shenzhen Rhegen and us shall be applied and jointly registered by Shenzhen Rhegen and us, and Wuhan Recogen shall be granted with license to utilize such patents. The patents arise from the independent research and development activities of Wuhan Recogen shall be applied and registered solely by itself.

For more details on the Shareholder Collaboration Agreement, see "Business—Collaboration And Licensing With Third Parties—COVID-19 Vaccine Candidate—ReCOV" and "Risk Factors—Risks Relating to Our Intellectual Property Rights—We may rely on our business partners in defending the intellectual properties we own or in-license."

Technology Transfer Agreement

On February 8, 2021, we entered into a technology transfer agreement with Shanghai Public Health Clinical Center, among others (the "**Technology Transfer Agreement**"), we obtained wherein the know-how and patents with the exclusive global development rights of REC607, a virus vectored adult TB vaccine candidate, to us.

Under the terms of the Technology Transfer Agreement, we need to pay our collaboration partners an upfront payment of RMB3.0 million and several milestone payments in the total amount of RMB47.0 million based on the development progress of REC607. We also need to pay a low single-digit percentage of global net sales of REC607 as royalties. Unless terminated earlier, the agreement will expire, upon the expiration of the patents obtained in relation to the research and development of the vaccine candidate. The agreement may be terminated by either party upon the change of governmental policies, unforeseeable changes, or material uncured breach of the agreement. The patent inventors are the persons who made substantial contributions to the research and development of the REC607. Patent ownership, development rights and transfer rights belong to us under the Technology Transfer Agreement. We also have the right to use the patented technology and technical secrets to make subsequent improvements, and the experimental data and new technological achievements generated thereby belong to us.

For more details on the Technology Transfer Agreement, see "Business—Collaboration And Licensing With Third Parties—Adult TB Vaccine—REC607" and "Risk Factors—Risks Relating to Our Intellectual Property Rights—We may rely on our business partners in defending the intellectual properties we own or in-license."

MANUFACTURING AND COMMERCIALIZATION

During the Track Record Period and up to the Latest Practicable Date, our R&D activities were primarily conducted at our Beijing R&D center and Taizhou headquarter. Our Beijing R&D center is equipped with a pilot plant mainly for the pre-IND process development and has laboratories for vaccine discovery with a GFA of approximately 4,000 square meter. Our Taizhou headquarter R&D facility has a GFA of approximately 3,800 square meters and four pilot plants, mainly for the manufacturing of our clinical trial samples and process development. Our R&D facilities can also support the manufacturing and development of novel adjuvants.

We have started to build our manufacturing capabilities at an early stage. We are constructing our HPV vaccine manufacturing facility in Taizhou, Jiangsu province, the first phase of which has a designed capacity of five million doses of HPV 9-valent vaccines or 30 million doses of HPV bivalent vaccines per year. The construction of the first phase of our HPV manufacturing facility is expected to be completed by the end of 2022. In addition, we completed the construction of our GMP-standard manufacturing facility for ReCOV in November 2021. The manufacturing facility, which can also be used for the manufacturing of recombinant shingles vaccines, has a total GFA of approximately 17,000 sq.m. and has the potential to support an annual manufacturing capacity of 300 million doses of ReCOV.

We are currently building our sales team and international business development team in preparation of the commercialization of our vaccine candidates. Our sales team will be responsible for our China sales and marketing activities in the future and we plan to enter into collaborations with foreign governments, MNCs, CSOs and international organizations to commercialize our vaccines overseas.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period and up to the Latest Practicable Date, we had no commercialized vaccines and therefore had no customers. During the Track Record Period, our major suppliers primarily included suppliers of raw materials and consumables, suppliers of equipment and service providers such as CROs. We maintain a list of qualified suppliers and we will conduct qualification review and on-site audit for all of the qualified suppliers. We have established stable relationships with qualified suppliers. During the Track Record Period, our purchases from our five largest suppliers in aggregate in each year/period accounted for 39.3%, 60.3% and 27.4% of our total purchases for the same year/period, respectively, and purchases from our largest supplier in each year/period accounted for 13.9%, 18.9% and 11.8% of our total purchases, respectively for the same year/period. None of our Directors, their associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, held any interest in any of our five largest suppliers during the Track Record Period.

SUMMARY OF KEY FINANCIAL INFORMATION

This summary of the key financial information set forth below have been derived from and should be read in conjunction with our combined audited financial statements, including the accompanying notes, set forth in the Accountants' Report in Appendix I to this prospectus, as well as the information set forth in the section headed "Financial Information."

Summary of Consolidated Statements of Profit or Loss

We currently have no products approved for commercial sale and have not generated any revenue from vaccine sales. For the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, we had total comprehensive loss of RMB138.3 million, RMB179.4 million and RMB520.4 million, respectively. The increase in our total loss during the Track Record Period was primarily because we initiated the research and development of our COVID-19 vaccine candidate, ReCOV, in early 2020 in response to the COVID-19 pandemic, and we initiated the phase III trial for REC603 and the phase I trial for ReCOV in 2021 as well as the increase in share-based compensation due to the share awards we granted in 2021.

	Year Ended December 31,		Nine Months Ended September 30,	
	2019	**2020**	**2020**	**2021**
	(RMB in thousands)			
			(Unaudited)	
Other income and gains	12,932	9,551	5,617	25,569
Selling and distribution expenses	–	–	–	(906)
Administrative expenses	(11,774)	(18,416)	(10,613)	(117,245)
Research and development costs	(63,265)	(130,519)	(52,162)	(371,779)
Other expenses	–	(2,904)	(6)	(18)
Finance costs	(76,163)	(37,112)	(15,330)	(55,985)
Loss before tax	(138,270)	(179,400)	(72,494)	(520,364)
Loss for the year/period	(138,270)	(179,400)	(72,494)	(520,364)
Total comprehensive loss for the year/period	(138,270)	(179,400)	(72,494)	(520,364)
Attributable to:				
Owners of the parent	(138,270)	(179,400)	(72,494)	(520,364)

For the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, our research and development costs amounted to RMB63.3 million, RMB130.5 million and RMB371.8 million, respectively. The increased research and development costs was primarily in relation to our clinical study schedule and our business expansion during the Track Record Period. Moreover, the increased research and development expenses was also attributable to the issuance of share awards to our employees during the same period.

We recorded research and development costs of RMB23.5 million, RMB10.4 million and RMB100.0 million for our Core Product, REC603 (excluding share-based compensation, staff costs, depreciation and amortization, utilities and office expenses and consulting fees (representing consulting fee relating to GMP standard consultation)), which accounted for 81.1%, 14.0% and 41.4% of the total research and development costs also excluding the aforementioned items in 2019, 2020 and the nine months ended September 30, 2021, respectively. The fluctuations in the research and development costs attributable to our Core Product during the Track Record Period were primarily associated with the clinical trial progress for our Core Product, REC603, and other vaccine candidates. The decrease in such research and development costs and its portion in terms of the total research and development costs attributable to our Core Product from 2019 to 2020 was primarily because (i) the initiation of the phase I clinical trial for REC603 in March 2019 and the completion of the clinical trial in July 2020, where a large portion of R&D activities in 2020 were mainly related to clinical data analysis and preparation of clinical trial report without significant expenditures; (ii) we initiated the research and development of our COVID-19 vaccine candidate, ReCOV, in response to the COVID-19 pandemic in early 2020. The increase in such research and development costs attributable to our Core Product for the nine months ended September 30, 2021 was primarily because the initiation of the phase III clinical trial for REC603 in June 2021. The decrease in such research and development costs as a percentage of our total research and development costs for the nine months ended September 30, 2021 as compared to that in 2019 was primarily because we initiated the clinical trial for ReCOV in New Zealand in the first half of 2021.

For the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, our administrative expenses amounted to RMB11.8 million, RMB18.4 million and RMB117.2 million, respectively. The increase from RMB11.8 million in 2019 to RMB18.4 million in 2020 of our administrative expenses was primarily attributable to the increased consulting fees for our IPD System due to the business expansion. Our administrative expenses increased significantly from RMB10.6 million for the nine months ended September 30, 2020 to RMB117.2 million for the nine months ended September 30, 2021, which was primarily attributable to the issuance of share awards to our employees in 2021.

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		As of September 30,
	2019	2020	2021
	(RMB in thousands)		
Total non-current assets	115,895	337,638	559,844
Total current assets	310,650	709,376	1,436,580
Total current liabilities	17,798	57,481	108,899
Net current assets	292,852	651,895	1,327,681
Total assets less current liabilities	408,747	989,533	1,887,525
Total non-current liabilities	728,294	1,998,317	89,566
Net (liabilities)/assets	(319,547)	(1,008,784)	1,797,959

We recorded net current assets of RMB292.9 million, RMB651.9 and RMB1,327.7 million as of December 31, 2019 and 2020 and September 30, 2021, respectively. The increased current assets during the Track Record Period was primarily attributable to the increased cash and bank balances, representing the maturation of certain structured deposits and the completion of our series B, B+ and C financing.

We recorded net liabilities of RMB319.5 million and RMB1,008.8 million as of December 31, 2019 and 2020, respectively, primarily in relation to the redemption liabilities on owner's capital due to the issuance of our series A and series B ordinary shares in January 2019 and November 2020, respectively. Our redemption obligations associated with the aforementioned transactions have been terminated in March 2021, as such, we recorded net assets of RMB1,798.0 million as of September 30, 2021.

Summary of Consolidated Statements of Cash Flow

The following table sets forth our consolidated statements of cash flows for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2019	**2020**	**2020**	**2021**
	(RMB in thousands)			
			(Unaudited)	
Loss before income tax	(138,270)	(179,400)	(72,494)	(520,364)
Adjustment for cash flows from operating activities before movement of working capital	67,841	44,749	17,835	175,011
Changes in working capital	(68,210)	64,315	10,779	2,576
Net cash flows used in operating activities	(138,639)	(70,336)	(43,880)	(342,777)
Net cash flows (used in)/from investing activities	(345,639)	(258,587)	60,679	(145,316)
Net cash flows from/(used in) financing activities	490,171	680,385	(4,288)	1,213,700
Net increase/(decrease) in cash and cash equivalents	5,893	351,462	12,511	725,607
Cash and cash equivalents at beginning of year/period	1,346	7,239	7,239	355,821
Effect of foreign exchange differences, net	–	(2,880)	–	5,505
Cash and bank balances	57,239	355,821	19,750	1,096,933
Time deposits with original maturity of more than three months	(50,000)	–	–	(10,000)
Cash and cash equivalents at the end of year/period	7,239	355,821	19,750	1,086,933

As a clinical-stage vaccine company, we have incurred negative cash flows from our operations since inception. Substantially all of our operating cash outflows were resulted from research and development expenses and administrative expenses. For the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, we had net cash outflows used in operating activities of RMB138.6 million, RMB70.3 million and RMB342.8 million. As our business develops, we expect to improve our negative cash flow position from our operations by generating more net cash from our operating activities, launching new products and improving our cost control and operating efficiencies.

- We plan to rapidly advance the clinical development and commercialization of our Core Product, REC603, which is currently under phase III clinical trial in China. We plan to submit the BLA application in 2025 for REC603 and commence commercialization once the BLA application is approved. Due to the significant global supply shortage of the 9-valent HPV vaccines, we believe our REC603 has the potential to capture a significant market share both in China and worldwide, which will in turn improve our negative operating cash flow position.

- We plan to rapidly advance the research and development our COVID-19 vaccine candidate, ReCOV. Based on the major safety and immunogenicity data and the partially unblinded efficacy data from the aforementioned trial for ReCOV, we subsequently obtained the clinical trial approval from the Philippines FDA to conduct the global phase II/III trial for ReCOV in January 2022. As of the Latest Practicable Date, we had initiated subject enrollment for such trial in the Philippines. We are currently on track to submit the EUA/BLA application in 2022 as planned and commence commercialization. We believe we will be able to improve our net operating cash flow position through sales of ReCOV.

- We will also advance the research and development, clinical trials and commercialization of other vaccine candidates in our pipeline. We are currently conducting phase I clinical trial for our bivalent HPV vaccine candidates in China. After these vaccine candidates are approved, we expect we will generate more cash from operating activities through sales of these vaccines.

- For commercialization of REC603, we plan to increase our academic promotion and seek for out-licensing opportunities as it has progressed to the late stage of clinical trials, for example Gavi, the Vaccine Alliance and other business partners. We believe this will enable us to generate more cash from potential milestone payments and royalties.

- We plan to adopt comprehensive measures to effectively control our cost and operating expenses leveraging our economies of scale. Our object is to optimize liquidity to gain a better return for our Shareholders and maintain adequate risk control. After our vaccine candidates are commercialized, we plan to closely monitor and manage the settlement of our trade receivables to avoid credit losses. We will also closely monitor the settlement of our trade payables to achieve better cash flow position.

We believe our liquidity requirements will mainly be satisfied by using funds from a combination of our existing cash, unutilized loan facilities, net proceeds from the Global Offering. As of January 31, 2022, we had cash and bank balances of RMB833.0 million. Taking into account the above, together with the estimated net proceeds from the Global Offering, the Directors are of the opinion that, we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, business development and marketing expenses, and administrative and operating costs, for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to our average monthly (i) net cash used in operating activities, which includes research and development expenses; and (ii) capital expenditures. Assuming average monthly net cash used in operating activities going forward of eight times the level in 2020 and average monthly capital expenditures going forward of 1.5 times the level in 2020, we estimate we will be able to maintain our financial viability without net proceeds of the Global Offering for 12 months from the date of this prospectus; or, if we also take into account of the net proceeds from the Global Offering assuming an Offer Price of HK$24.80 per H Share, 21 months from the date of this prospectus. Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development status. We will continue to monitor our working capital closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

Cash Operating Costs

In 2019, 2020 and the nine months ended September 30, 2021, the R&D cash operating costs for our Core Product amounted to RMB23.5 million, RMB10.4 million and RMB100.0 million, which includes clinical trial expenses and raw material costs. For details, see "Financial Information—Cash Operating Costs."

Key Financial Ratio

The following table sets forth our key financial ratio as of the dates indicated:

	As of December 31,		As of September 30,
	2019	2020	2021
Current ratio[(1)]	17.5	12.3	13.2

Note:

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

For details, see "Financial Information—Key Financial Ratio."

RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors." As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in our Company. Some of the major risks that we face include:

- we have incurred significant net losses since inception and expect to continue to incur net losses for the foreseeable future, and may never achieve or maintain profitability. As a result, you may lose substantially all of your investment in us if our business fails;

- our financial prospects depend on the successful development, approval and commercialization of our clinical-stage and preclinical stage vaccine pipeline;

- we may be unable to successfully complete clinical development, obtain regulatory approval and commercialize our vaccine candidates;

- we invest substantial resources in research and development in order to develop our vaccine candidates and enhance our technology platforms, which we may not be able to do successfully;

- vaccine development involves a lengthy and expensive process with uncertain outcomes and results of earlier clinical trials may not be predictive of results of later-stage clinical trial;

- the vaccine industry in China is highly regulated and such regulations are subject to change which may affect approval and commercialization of our vaccine candidates; and

- if we are unsuccessful in obtaining or maintaining effective intellectual property protection for one or more of our vaccine candidates, and the scope of such intellectual property rights obtained may not be sufficiently broad.

- an active trading market for our H Shares may not develop, especially taking into account that all of our existing shareholders will be subject to a 12-month lock-up pursuant to the applicable PRC laws and the H Shares to be purchased by the Cornerstone Investors will be subject to a six-month lock-up.

SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, our Founder, Dr. Liu, was interested in an aggregate of 96,941,440 Domestic Shares of our Company held by Taizhou Yuangong (82,863,620 Domestic Shares), Taizhou Baibei (1,525,000 Domestic Shares), Taizhou Guquan (1,525,000 Domestic Shares), Lianyungang Ruibaitai (10,769,230 Domestic Shares) and himself (258,590 Domestic Shares). Immediately upon completion of the Global Offering, assuming the Over-allotment option is not exercised, Dr. Liu will be interested in approximately 20.23% of the issued share capital of our Company through (i) his direct shareholding (0.05%), and (ii) the deemed

interest held by him as a general partner of each of Taizhou Yuangong (17.30%), Taizhou Baibei (0.32%), Taizhou Guquan (0.32%) and Lianyungang Ruibaitai (2.25%), respectively. Therefore, each of Dr. Liu and Taizhou Yuangong will be a substantial shareholder of our Company upon the Listing. For more details of the substantial shareholders of our Company, see "Substantial Shareholders."

PRE-IPO INVESTORS

We received four series of Pre-IPO Investments of an aggregate of RMB2,380 million since our establishment. Our Pre-IPO Investors include dedicated healthcare funds and biotech funds as well as established funds with a focus on investments in the healthcare sector, and the Sophisticated Investors are Legend Capital and LYFE Capital, which will hold approximately 9.97% and 7.20% of the issued share capital of our Company immediately upon the completion of the Global Offering respectively (assuming the Over-allotment Option is not exercised). While there is no explicit lock-up requirement for the Pre-IPO Investments, according to the PRC Company Law, the Shares issued by our Company prior to the Global Offering (including those subscribed for or purchased by the Pre-IPO Investors) are restricted from trading within one year from the Listing Date. For details of our Pre-IPO Investments and our Pre-IPO Investors, please see "History, Development and Corporate Structure—Pre-IPO Investments."

In addition, pursuant to the applicable PRC laws, all the existing Shareholders cannot dispose of any Shares within the 12 months following the Listing Date. Further, the Offer Shares to be purchased by the Cornerstone Investors will also be subject to a lock-up period of six months from the Listing Date. Therefore, upon completion of the Global Offering and assuming the Over-allotment Option is not exercised and an Offer Price of HK$24.80 per H Share, approximately 97.05% of our Shares will be subject to lock-up. As a result, a listing on the Hong Kong Stock Exchange does not guarantee that an active and liquid trading market for our Shares will develop, especially during the period when a significant portion of our Shares are subject to lock-up, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will rise following the Global Offering. For details, see "Risk Factors—Risks Relating to the Global Offering—An active trading market for our H Shares may not develop, especially taking into account that all of our existing shareholders will be subject to a 12-month lock-up pursuant to the applicable PRC laws and the Cornerstone Investors will be subject to a six-months lock-up.

DIVIDEND POLICY

We did not declare or pay dividends on our Shares during the Track Record Period. 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. 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. 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 subsidiaries. Any dividend distributions from our PRC subsidiaries to us will be subject to PRC 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. We are subject to PRC governmental controls on currency conversion, and the fluctuation of the Renminbi exchange rate may materially and adversely affect our business and our ability to pay dividends to holders of H shares. In the future, we may rely to some extent on dividends and other distributions on equity from our principal operating subsidiaries to fund offshore cash and financing requirements. We are subject to PRC governmental controls on currency conversion, and the fluctuation of the Renminbi exchange rate may materially and adversely affect our business and our ability to pay dividends to holders of H shares. See "Risk Factors—Risks Relating to Our Business Operations—We are subject to PRC governmental controls on currency conversion, and the fluctuation of the Renminbi exchange rate may materially and adversely affect our business and our ability to pay dividends to holders of H shares."

As advised by our PRC Legal Advisor, a company may pay a dividend out of after-tax profits after making up for losses and withdrawing statutory reserve funds and arbitrary reserve funds (if applicable). There is no circumstances may a dividend be paid if the Company is in a loss position. 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. There is no assurance that dividends of any amount will be declared to be distributed in any year.

OFFERING STATISTICS[(1)]

	Based on an Offer Price of HK$24.80
Market capitalization of our Shares[(2)]	HK$11,882 million
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the parent per Share[(3)]	HK$6.00

Notes:

(1) All statistics in this table are on the assumption that the Over-allotment Option are not exercised.

(2) The calculation of market capitalization is based on 479,104,500 Shares expected to be in issue immediately after completion of the Global Offering.

(3) The pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is calculated after making the adjustments referred to in "Financial Information—Unaudited Pro Forma Adjusted Combined Net Tangible Assets."

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$672.4 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, and assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$24.80 per H Share. We currently intend to apply these net proceeds for the following purposes: (i) approximately 47.3%, or HK$317.9 million, will be used for the research and development, manufacturing and commercialization of our HPV vaccine pipeline, including our Core Product, namely REC603; (ii) approximately 17.7%, or HK$119.3 million for ReCOV, our COVID-19 vaccine candidate; (iii) approximately 21.1%, or HK$142.0 million will be used for our remaining vaccine candidates; (iv) approximately 6.7%, or HK$44.7 million will be used to continue to strengthen our R&D capabilities and to enhance our operating efficiency; and (v) approximately 7.2%, or HK$48.5 million, will be used for working capital and other general corporate purposes. For details, see "Future Plans and Use of Proceeds."

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$92.8 million (including underwriting commission, assuming an Offer Price of HK$24.80 per H Share, assuming that the Over-allotment Option is not exercised), of which approximately HK$41.7 million is expected to be charged to our consolidated statements of profit or loss and other comprehensive loss, and approximately HK$51.1 million is expected to be accounted for as a deduction from equity upon the Listing. Listing expenses to be borne by us include (i) underwriting-related expenses, including underwriting commission, of HK$32.5 million; (ii) fees and expenses of legal advisors and Reporting Accountants of HK$40.2 million; and (iii) other fees and expenses of HK$20.1 million. During the Track Record Period, we incurred listing expenses of HK$32.1 million. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our listing expenses as a percentage of gross proceeds is 12.1%, assuming an Offer Price of HK$24.80 per H Share, assuming that the Over-allotment Option is not exercised. Our Directors do not expect such listing expenses to have a material adverse impact on our results of operations for the year ending December 31, 2022.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Updates on Financial Information

Save as disclosed in the section headed "Financial Information" and the "Accountants' Report" included in Appendix I to this prospectus, 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 September 30, 2021, the end of the period reported on in the Accountants' Report set out

in Appendix I to this prospectus. As we continue to advance the development of our pipeline and expand our clinical development programs, we expect to incur increasing research and development costs and administrative expenses.

The unaudited financial information as of and for the year ended December 31, 2021 have been agreed with the reporting accountants following their work under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants. Our unaudited financial information for the year ended December 31, 2021 is set out in Appendix III to this prospectus. Based on the unaudited financial information as of and for the year ended December 31, 2021, our loss for the year significantly increase to RMB657.6 million in 2021 from RMB179.4 million in 2020. Such increase was primarily because of the increase in R&D expenses as we continue to advance our clinical and pre-clinical R&D activities for our vaccine candidates. For details, see "Appendix III—Unaudited Preliminary Financial Information for the Year Ended December 31, 2021" to this prospectus. In addition, we have experienced, and expect our loss for the year ended December 31, 2022 will continue to increase as we expect we will incur more R&D expense to advance the development of our vaccine candidates.

Business Updates

Since the end of the Track Record Period, we have continuously developed our business, but based on the unaudited preliminary financial information for the year ended December 31, 2021, our net losses increased significantly, and in particular, our R&D expenses increased by over 200%, for the year ended December 31, 2021 as compared to the year ended December 31, 2020. The increase in our R&D expenses was primarily attributable to the phase III clinical trial for REC603 in China and the phase I clinical trial for ReCOV in New Zealand. We plan to allocate 47.3% and 17.7% of the net proceeds from Global Offering on the R&D of REC603 and ReCOV, as well as the manufacturing and commercialization of REC603. In addition, we granted certain share awards to our employees, resulting an increase in share-based compensation. As a result of the increasing R&D activities we expect to conduct, we expect we will continue to have cash outflow from operating activities in 2022. We expect that our net loss will continue to increase in 2022 as a result of the increasing R&D activities we conduct to develop our vaccine candidates, in particular, REC603 and ReCOV.

In June 2021, we commenced the Phase III clinical trial for our Core Product, REC603. To date, we have completed subject enrollment for the potency test for REC603 and subsequently completed the second shot. We expect we will complete three-shot dosing by the first half of 2022 and will conduct up to 60-month follow-up on all volunteers.

Our Directors confirm that, there has been no material adverse change in our financial, operational or trading positions or prospects since September 30, 2021, being the date of our consolidated financial statements as set out in "Appendix I—Accountants' Report" to this prospectus, and up to the date of this prospectus.

On October 11, 2021, we entered into an investment cooperation agreement ("**Investment Cooperation Agreement**") with Wuhan East Lake New Technology Development Zone Management Committee (武漢東湖新技術開發區管理委員會) ("**Wuhan East Lake Management Committee**") and Wuhan Recbio Biotechnology Co., Ltd. (武漢瑞科生物技術有限公司) ("**Wuhan Recbio**"), a wholly owned subsidiary of the Company, pursuant to which Wuhan Recbio and us agreed to co-invest a research and development center in Wuhan and Wuhan East Lake Management Committee agree to provide plant leasing land and lease support to the aforementioned center. In addition, Shenzhen Rhegen and us entered into an investment cooperation agreement with Wuhan East Lake Management Committee and Wuhan Recogen to jointly invest in the development of headquarter and the R&D industrialization base for Wuhan Recogen within a term of 5 years.

In October 2021, we obtained the partially unblinded clinical data for the phase I trial for ReCOV. Based on such results, it demonstrated ReCOV has the potential to induce similar or higher levels of neutralizing antibodies than mRNA COVID-19 vaccines, further suggesting a potential better immune response of ReCOV. For more details on the partial unblinded clinical data, please see "Business—Our Vaccine Pipeline—COVID-19 Vaccine—ReCOV—Phase I Stage COVID-19 Vaccine Candidate—Ongoing Clinical Trial." However, the partial unblinded phase I result of ReCOV with potential superior efficacy and immunogenicity does not imply the success of the phase I clinical trial of ReCOV and/or later stage trials or launching such vaccine product. Clinical trials of ReCOV may still fail at a later stage. For details, see "Risk Factors—Risks Relating to Development, Clinical Trials and Regulatory Approval of Our Vaccine Candidate—Vaccine development involves a lengthy and expensive process with uncertain outcomes and results of earlier clinical trials may not be predictive of results of later-stage clinical trials" on page 58 of this Prospectus. Based on the major safety and immunogenicity data and the partially unblinded efficacy data from the phase I trial, we subsequently obtained the IND approval for ReCOV from the Philippines FDA to conduct multicenter phase II/III trial in January 2022 and subsequently initiated subject enrollment. In January 2022, we also obtained the unblinded clinical data for the remaining three cohorts and we were currently finalizing data analysis and clinical trial report as of the Latest Practicable Date.

We are developing our business, advancing clinical trials and seeking commercialization opportunities for our products. For example, we are currently negotiating with a leading China-based biopharmaceutical company in relation to the ex-China commercialization arrangement of ReCOV. As of the Latest Practicable Date, we had not entered into any definitive agreements or arrangements with respect to the aforementioned arrangements.

PRC Regulation Update

In 2021, the PRC governments enacted several laws and regulations in relation to cybersecurity and personal information protection. For details, see "Regulatory Overview – Regulatory Provisions – Regulations Related to Data Security" and "Regulatory Overview –

Regulatory Provisions – Regulations Related to Personal Information Protection." As a company primarily engaged in the research, development and commercialization of vaccines, our business has not been materially affected by these new laws and regulations.

More recently, on December 28, 2021, the Cyberspace Administration of China (the "**CAC**"), jointly with other 12 governmental authorities, issued the revised Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Review Measures**"), which became effective from February 15, 2022. According to the Review Measures, the online platform operators possessing personal information of more than one million users who are applying for foreign listing, shall make declaration for cybersecurity review with the Office of Cybersecurity Review. Meanwhile, the Review Measures grants the CAC and other competent authorities the right to initiate a cybersecurity review without application, if any member organization of the cybersecurity review mechanism has reason to believe that any internet products, services or data processing activities influences or may influence national security.

As a vaccine company in China, our business operation only involves limited amount of personal data and human genetic resources data in relation to the clinical trials we are conducting and such data are mainly collected by the trial site and stored and analyzed by the CRO/SMO engaged by us, the collection, storage and analysis of these data has obtained the consent of trial subjects and the approvals of relevant authorities (if applicable). During the Track Record Period and up to the date of this prospectus, we have not violated any currently effective cybersecurity laws and regulations in the PRC and have not been involved in any investigations on cybersecurity review made by CAC or any other competent authorities with respect to our business operations and had not received any enquiries, notices, warnings or sanctions in such respect. As such, we believe the Review Measures will not have a material and adverse effect on our business operations or the Listing. Once the Regulations on the Administration of Cyber Data Security (Consultation Draft) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Data Security Regulations**") is implemented in its current form and the specific requirements and practical rules are clarified, based on the fact that we have not violated any currently effective cybersecurity laws and regulations in the PRC, we do not foresee any material impediments for compliance with the Draft Data Security Regulations in all material aspects.

Outbreak of COVID-19

The WHO declared the COVID-19 outbreak a global pandemic on March 11, 2020. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel and business restrictions, quarantines and social distancing policies.

As of the Latest Practicable Date, we had not experienced material disruptions in our operations and business development as a result of the COVID-19 pandemic. Although our offices and R&D facilities were temporarily closed in February 2020, our operations has resumed in full since March to April 2020 in accordance with local government policies. Our clinical activities and development timeline had not experienced any material disruptions or

delays as we had completed subject enrollment and dosing for the phase I clinical trial of REC603 and REC601 prior to the COVID-19 outbreak. Even though there were continuous breakout of COVID-19 pandemic in China, particularly in mid and second half of 2021, we did not experience any disruption of operation or delay of clinical trials from the pandemic. Our phase III trial for REC603 was carried out as planned. In particular, we had not experienced any early termination of our clinical trials or necessitated removal of subjects enrolled in the clinical trial due to the COVID-19 outbreak during the Track Record Period and up to the Latest Practicable Date. We currently do not expect our supply chain will be materially and negatively impacted by COVID-19. Our major domestic suppliers had all resumed normal operations, and none of our overseas suppliers had reported any material disruption to their business operations as a result of COVID-19, as of the Latest Practicable Date. We have employed various measures to mitigate the impact of COVID-19 on our business operations and clinical trials. We are also developing ReCOV, a recombinant COVID-19 vaccine candidate, with a novel adjuvant BFA03 benchmarking AS03. We commenced a phase I clinical trial for ReCOV in New Zealand in June 2021 and obtained the preliminary data in October 2021. Based on the major safety and immunogenicity data and the partially unblinded efficacy data from the phase I trial for ReCOV, we subsequently obtained the clinical trial approval from the Philippines FDA to conduct the global phase II/III trial for ReCOV in January 2022. To date, we have initiated subject enrollment for such trial in the Philippines. In January 2022, we also obtained the unblinded clinical data for the remaining three cohorts and we were currently finalizing data analysis and clinical trial report as of the Latest Practicable Date. We plan to file the EUA/BLA application in 2022.

Please also see "Risk Factors—Risks Relating to Our Business Operations—We may be subject to natural disasters, health epidemics, civil and social disruption and other outbreaks, which could significantly disrupt our operation. In particular, the COVID-19 outbreak in PRC and worldwide has adversely affected, and may continue to adversely affect PRC's economy, which in turn may have a material adverse impact on our business, results of operations and financial condition."

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.

"Accountants' Report"	the accountants' report prepared by Ernst & Young, details of which are set forth in Appendix I to this prospectus;
"Articles of Association" or "Articles"	the articles of association of the Company adopted on June 28, 2021, which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in Appendix VI to this prospectus;
"associates"	has the meaning ascribed to it under the Listing Rules;
"Beijing ABZYMO"	Beijing ABZYMO Biosciences Co., Ltd. (北京安百勝生物科技有限公司), a limited liability company established in the PRC on 7 March 2011 and our wholly-owned subsidiary;
"Board" or "Board of Directors"	the board of Directors of our Company;
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong and any day on which tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong) on which banks in Hong Kong are generally open for normal banking business;
"CAGR"	compound annual growth rate;
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC;
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct participant or a general clearing participant;
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant;
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation;

"CCASS Operation Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS, as from time to time in force;
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant;
"CDE"	the Center for Drug Evaluation of NMPA (國家藥品監督管理局藥品審評中心), a division of the NMPA mainly responsible for review and approval of IND and BLA;
"China" or the "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"close associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Company Law" or "PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time;
"Company" or "our Company"	Jiangsu Recbio Technology Co., Ltd. (江蘇瑞科生物技術股份有限公司), a joint stock company incorporated in the PRC with limited liability on 25 May 2021, or, where the context requires (as the case may be), its predecessor Jiangsu Rec-Biotechnology Co., Ltd. (江蘇瑞科生物技術有限公司), a limited liability company established in the PRC on 18 May 2012;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;

"core connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purpose of this prospectus, our Core Product refers to REC603, a recombinant HPV 9-valent vaccine candidate;
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets;
"Director(s)" or "our Directors"	the director(s) of our Company;
"Domestic Share(s)"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by domestic investors;
"EIT Law"	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法), as amended, supplemented or otherwise modified from time to time;
"EMA"	European Medicines Agency;
"EU"	European Union;
"Extreme Condition(s)"	extreme condition(s) including but not limited to serious disruption of public transport services, extensive flooding, major landslides and large-scale power outage caused by a super typhoon according to the revised "Code of Practice in Times of Typhoons and Rainstorms" issued by the Labour Department of the government of Hong Kong in June 2019, as announced by the government of Hong Kong;
"FDA"	the United States Food and Drug Administration;
"Founder" or "Dr. Liu"	Dr. LIU Yong (劉勇), the founder, chairman of the Board, executive Director and general manager of our Group;
"FRC"	the Financial Reporting Council of Hong Kong;
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, which is an Independent Third Party;

"F&S Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this prospectus;
"Global Offering"	the Hong Kong Public Offering and the International Offering;
"Greater China"	the PRC, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"**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", "the Group", "our Group", "we" or "us"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be);
"H Share(s)"	overseas listed foreign share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be listed on the Stock Exchange and traded in Hong Kong dollars;
"H Share Registrar"	Computershare Hong Kong Investor Services Limited;
"HK$" or "Hong Kong dollars" "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong;
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited;
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Hong Kong Offer Shares"	the H Shares offered by us for subscription 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 at the Offer Price on the terms and conditions described in this prospectus and the **GREEN** Application Form;
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus;
"Hong Kong Underwriting Agreement"	the underwriting agreement dated March 18, 2022 relating to the Hong Kong Public Offering entered into among our Company, Dr. Liu, the Joint Sponsors, the Joint Representatives and the Hong Kong Underwriters as further described in the section headed "Underwriting – Underwriting Arrangements and Expenses – The Hong Kong Public Offering – The Hong Kong Underwriting Agreement" in this prospectus;
"IASB"	International Accounting Standards Board;
"IFRS"	the International Financial Reporting Standards, which as collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB;
"Independent Third Party(ies)"	an individual or a company which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules;
"International Offer Shares"	27,769,000 H Shares initially offered by our Company for subscription at the Offer Price pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus);

"International Offering"	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act, as further described in the section headed "Structure and Conditions of the Global Offering" in this prospectus;
"International Underwriters"	the group of international underwriters for the International Offering that is expected to enter into the International Underwriting Agreement to underwrite the International Offering;
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or about March 24, 2022 by, among others, our Company, Dr. Liu, the Joint Sponsors, the Joint Representatives and the International Underwriters in respect of the International Offering, as further described in the section headed "Underwriting – Underwriting Arrangements and Expenses – International Offering" in this prospectus;
"Joint Bookrunners"	Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering only), Morgan Stanley & Co. International plc (in relation to the International Offering only), CMB International Capital Limited, CLSA Limited, China Industrial Securities International Capital Limited, Haitong International Securities Company Limited, GF Securities (Hong Kong) Brokerage Limited, Essence International Securities (Hong Kong) Limited and Valuable Capital Limited (in relation to the Hong Kong Public Offering only);
"Joint Global Coordinators"	Morgan Stanley Asia Limited, CMB International Capital Limited and CLSA Limited;

"Joint Lead Managers"	Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering only), Morgan Stanley & Co. International plc (in relation to the International Offering only), CMB International Capital Limited, CLSA Limited, China Industrial Securities International Capital Limited, Haitong International Securities Company Limited, GF Securities (Hong Kong) Brokerage Limited, Essence International Securities (Hong Kong) Limited, Valuable Capital Limited (in relation to the Hong Kong Public Offering only) and Livermore Holdings Limited;
"Joint Representatives"	Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering only), Morgan Stanley & Co. International plc (in relation to the International Offering only), CMB International Capital Limited and CLSA Limited;
"Joint Sponsors"	Morgan Stanley Asia Limited, CMB International Capital Limited and CLSA Capital Markets Limited;
"Latest Practicable Date"	March 11, 2022, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication;
"Lianyungang Ruibaihe"	Lianyungang Ruibaihe Pharmaceutical Technology Partnership (Limited Partnership) (連雲港瑞百和醫藥科技合伙企業(有限合伙)), a limited partnership established in the PRC on 30 July 2021;
"Lianyungang Ruibaitai"	Lianyungang Ruibaitai Pharmaceutical Technology Partnership (Limited Partnership) (連雲港瑞百泰醫藥科技合夥企業(有限合夥)), a limited partnership established in the PRC on 16 March 2021;
"Listing"	the listing of our H Shares on the Stock Exchange;
"Listing Committee"	the Listing Committee of the Stock Exchange;
"Listing Date"	the date expected to be on or about Thursday, March 31, 2022, on which dealings in our H Shares first commence 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;
"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;
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), as promulgated by the State Council Securities Commission and the State Restructuring Commission on August 27, 1994 and became effective on the same date, as the same may be amended and supplemented or otherwise modified from time to time;
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部);
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會);
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局);
"Offer Price"	HK$24.80 per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%);
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option;

"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 4,628,000 additional H Shares, representing approximately 15% of the Offer Shares initially being offered under the Global Offering, at the Offer Price to, cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure and Conditions of the Global Offering" in this prospectus;
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC;
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on October 27, 2005 and effective on January 1, 2006, as amended, supplemented or otherwise modified from time to time;
"PRC Legal Advisor"	Zhong Lun Law Firm, our legal advisor as to PRC laws;
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as enacted by the 6th meeting of the 9th Standing Committee of the NPC on December 29, 1998 and became effective on July 1, 1999, as amended, supplemented or otherwise modified from time to time;
"Pre-IPO Investments"	the Pre-IPO Investments in our Company undertaken by the Pre-IPO Investors, details of which are set out in "History, Development and Corporate Structure";
"Pre-IPO Investor"	the investors of Pre-IPO Investments;
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering;
"QIBs"	a qualified institutional buyer within the meaning of Rule 144A;
"Regulation S"	Regulation S under the U.S. Securities Act;

"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC;
"Rule 144A"	Rule 144A under the U.S. Securities Act;
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局);
"SAIC"	the State Administration of Market Regulation of the PRC (中華人民共和國國家市場監督管理總局);
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"SFC"	the Securities and Futures Commission of Hong Kong;
"Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares, Unlisted Foreign Shares and H Shares;
"Shareholders"	holders of our Shares;
"Sophisticated Investor(s)"	has the meaning ascribed to it under Guidance Letter HKEX-GL92-18 issued by the Stock Exchange;
"Special Regulations"	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份上市的特別規定), promulgated by the Council on August 4, 1994;
"Stabilizing Manager"	Morgan Stanley Asia Limited;
"State Council"	State Council of the PRC (中華人民共和國國務院);
"Stock Exchange"	the Stock Exchange of Hong Kong Limited;
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance;
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules;
"Supervisor(s)"	supervisor(s) of our Company;

"Supervisory Board"	the board of Supervisors of our Company;
"Taizhou Baibei"	Taizhou Baibei Biology Technology Partnership (Limited Partnership) (泰州百倍生物科技合夥企業(有限合夥)), a limited partnership established in the PRC on September 10, 2018;
"Taizhou Dingcheng"	Taizhou Dingcheng Biology Technology Partnership (Limited Partnership) (泰州頂誠生物科技合夥企業(有限合夥)), a limited partnership established in the PRC on July 20, 2018;
"Taizhou Guquan"	Taizhou Guquan Biology Technology Partnership (Limited Partnership) (泰州古泉生物科技合夥企業(有限合夥)), a limited partnership established in the PRC on September 10, 2018;
"Taizhou Tongzhou"	Taizhou Biology Technology Partnership (Limited Partnership) (泰州彤舟生物科技合夥企業(有限合夥)), a limited partnership established in the PRC on July 20, 2018;
"Taizhou Yuangong"	Taizhou Yuangong Technology Partnership (Limited Partnership) (泰州元工科技合夥企業(有限合夥)), a limited partnership established in the PRC on September 13, 2018;
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time;
"TGA"	the Therapeutic Goods Administration, the Department of Health of Australian Government;
"Track Record Period"	the period comprising the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021;
"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;
"Unlisted Foreign Shares"	ordinary shares issued by our Company with a nominal value of RMB1.00 each and are held foreign investors and are not listed on any stock exchange;
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States;
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder;
"VAT"	Value Added Tax;
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** Service Provider at **www.eipo.com.hk**;
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited;
"Wuhan Recbio"	Wuhan Recbio Technology Co., Ltd. (武漢瑞科生物技術有限公司), a limited liability company established in the PRC on 28 September 2021 and our wholly-owned subsidiary;
"Wuhan Recogen"	Wuhan Recogen Biotechnology Co., Ltd. (武漢瑞科吉生物科技有限公司), a limited liability company established in the PRC on 28 September 2021.

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

For ease of reference, the names of the PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of official Chinese names are for identification purpose only.

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

In this prospectus, unless the context otherwise requires, explanations and definitions of certain terms used in this prospectus in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

"ADE"	antibody-dependent enhancement, a phenomenon in which binding of a virus to suboptimal antibodies enhances its entry into host cells and replication;
"adjuvant"	a substance that may be added to a vaccine to enhance the body's immune response to an antigen;
"adjuvant system"	formulations of classical adjuvants mixed with immunomodulators, specifically adapted to the antigen and the target population;
"AE"	adverse events, any untoward medical occurrences in a patient or clinical investigation subject administered with a drug or other pharmaceutical product during clinical trials and which do not necessarily have a causal relationship with the treatment;
"AIDS"	acquired immune deficiency syndrome, a transmissible disease of the immune system caused by the human immunodeficiency virus (HIV), which is a severe loss of the body's cellular immunity, greatly lowering the resistance to infection and malignancy;
"$Al(OH)_3$"	Aluminium hydroxide, found in nature as the mineral gibbsite and widely used as an adjuvant in human vaccines;
"Amorphous Aluminum Hydroxyphosphate Sulfate"	an adjuvant added to the Gardasil vaccine meant to produce a stronger and longer immune response;
"antigen"	the substance that is capable of stimulating an immune response, specifically activating lymphocytes, which are the body's infection-fighting white blood cells;

"AS01"	a liposome-based vaccine adjuvant system, which contains 3-O-desacyl-4'-monophosphoryl lipid A (MPL), as well as the saponin QS-21;
"AS03"	an adjuvant system composed of α-tocopherol, squalene and polysorbate 80 in an oil-in-water emulsion;
"AS04"	an adjuvant system composed of aluminum salt and monophosphoryl lipid A (MPL), a clinically utilized TLR4 agonist;
"B cell(s)"	a type of white blood cell that differ(s) from other lymphocytes like T-cells by the presence of the BCR on the B-cell's outer surface. Also known as B-lymphocytes;
"BALB/c mice"	an albino, laboratory-bred strain of the house mouse from which a number of common substrains are derived;
"BCG"	Bacille Calmette Guerin, a live attenuated vaccine form of Mycobacterium bovis used to prevent tuberculosis and other mycobacterial infections;
"BLA"	biologics license application;
"C57BLL/6N mice"	a common inbred strain of laboratory mouse used for animals study
"CD4"	a transmembrane glycoprotein that is expressed as a single polypeptide chain on the MHC class II-restricted T-cells;
"$CD4^+$T cells"	a type of important T lymphocyte that helps coordinating the immune response by stimulating other immune cells to fight infections;
"$CD8^+$T cells"	a type of important T lymphocytes for immune defense against intracellular pathogens, including viruses and bacteria, and for tumour surveillance;
"CDC"	Centre for Disease Control and Prevention;
"cervical cancer"	cancer that occurs in the cervix – the lower part of the uterus that connects to the vagina;

"CHO cell"	Chinese Hamsters Ovary Cell, which is widely used in biopharmaceutical industry to produce recombinant proteins;
"CMC"	chemistry, manufacturing and controls;
"CMO(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;
"COVID-19"	Coronavirus Disease 2019, an infectious disease caused by the most recently discovered coronavirus, first reported in December 2019;
"CpG-ODN"	cytosine phosphoguanosine oligodeoxynucleotide, a synthetic form of DNA that mimics bacterial and viral genetic material;
"CRO(s)"	contract research organization, a company that provides support to pharmaceutical companies by providing a range of professional research services on a contract basis;
"DALYs"	the disability-adjusted life year, a measure of overall disease burden, expressed as the number of years lost due to ill-health, disability or early death;
"Delta variant"	variant of lineage B.1.617.2 of SARS-CoV-2, the virus that causes COVID-19;
"DNA vaccine"	deoxyribonucleic acid vaccines;
"*E.coli*"	Escherichia coli expression system, a expression system used in vaccine R&D and manufacturing;
"ED_{50}"	median effective dose, a dose that produces the desired effect in 50 per cent;
"ELISA method"	enzyme-linked immunosorbent assay method;
"emulsion"	a mixture of two or more liquids that are normally immiscible (unmixable or unblendable) owing to liquid-liquid phase separation;

"epitopes"	part of an antigen that is recognized by the immune system, specifically by antibodies, B cells, or T cells;
"EUA"	the emergency use authorization;
"EV71"	Enterovirus 71, most EV71 infections commonly result in hand-foot-mouth disease (HFMD);
"GCP"	good clinical practice;
"GFA"	gross floor area;
"GMP"	good manufacturing practices;
"GMT"	geometric mean titers;
"*H. polymorpha*"	*Hansenula polymorpha*, a well-known model organism, which can utilize methanol as the carbon source and energy source, used widely for studying cellular, metabolic, and genetic issues, and used in vaccine industry for expression of recombinant proteins;
"HBV"	hepatitis B virus;
"HFMD"	hand-foot-mouth disease, a common infectious disease among infants and children, characterized by fever, sores in the mouth and a rash with blisters on hands, feet and also buttocks;
"HIV"	human immunodeficiency virus, which attacks cells that help the body fight infection, making a person more vulnerable to other infections and diseases and spreading by contact with certain bodily fluids of an infected person;
"HPV"	human papillomavirus, persistent infection of high-risk types can cause cervical cancer;
"HPV 9-valent vaccine"	a vaccine that can help protect individuals against the infections and diseases caused by nine types of HPV;
"HPV bivalent vaccine"	vaccines that can prevent infections of two HPV types;
"HPV quadrivalent vaccine"	vaccines that can prevent infections of four HPV types;

"ICH"	The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use;
"IgG"	Immunoglobulin G, the most common type of antibody which is found in blood and other body fluids, and protects against bacterial and viral infections;
"immune response"	the process by which the body is stimulated by antigens;
"immunogenicity"	the ability of an antigen to provoke immune response;
"*in vivo*"	Latin for "within the living", studies *in vivo* are those in which the effects of various biological or chemical substances are tested on whole, living organisms including animals, humans and plants, as opposed to a partial or dead organism, or those done *in vitro*;
"IND"	investigational new drug or investigational new drug application;
"influenza(flu)"	highly infectious respiratory diseases caused by influenza viruses. It is characterised by sudden onset of high fever, aching muscles, headache, fatigue and a hacking cough. Serious outcome of influenza can result in hospitalization or death;
"IPD"	Integrated Product Development, a structure of work and best practices that causes people to work together more effectively with better communications and metrics that connect the entire value chain which is the standard of the matrix management mode;
"KOL"	key opinion leader, influencers and trusted persons who have expert product knowledge and influence in a respective field and are an important part of burgeoning industries and businesses in China, including biotech/pharmaceutical industries;
"L1 protein"	the L1 protein, the main capsid protein of HPV, is used in the study of HPV immune pathogenic mechanisms and HPV vaccines because it can spontaneously assemble into virus like particles (VLP) and has good immunogenicity;

"LTBI"	latent tuberculosis infection, TB bacteria that live in the body without making a person sick;
"MF-59"	an adjuvant system that uses a derivative of shark liver oil called squalene;
"M. tuberculosis" or "M. tb"	*Mycobacterium tuberculosis*, pathogens of tuberculosis;
"MDR TB"	Multidrug-resistant tuberculosis, in which the tuberculosis bacteria are resistant to at least two or more drugs at the same time;
"MoA"	mechanism of actions;
"mRNA"	messenger ribonucleic acid, a single-stranded molecule of RNA that corresponds to the genetic sequence of a gene, and is read by a ribosome in the process of synthesizing a protein;
"mutant strain"	a strain of cell or virus that are different from the corresponding wild type due to one or more mutations;
"NAb GMT" or "GMT of neutralizing antibody tiers"	a measure of neutralizing antibody expressed as geometric mean titers in a specific population or a group of laboratory animals;
"neutralizing antibodies" or "NAb"	an antibody that is responsible for defending cells from pathogens, which are organisms that cause disease;
"NGO"	non-government organization;
"NRDL"	National Reimbursement Drug List;
"NTD"	N-terminal domain, a region of the protein's polypeptide chain located at the start of the protein that is self-stabilizing and that folds independently from the rest;
"nucleic acid vaccine"	vaccines that use genetic material from a disease-causing pathogen to stimulate an immune response against it. Depending on the vaccine, the genetic material could be DNA or RNA;
"Omicron variant"	variant of lineage B.1.1.529 of SARS-Co-2, the virus that causes COVID-19;

"OPTI"	the management philosophy adopted by the Company, which referred to Opportunity, Prudence, Technology and Intellectual Property;
"pathogens"	a bacteria, virus, or other microorganism that can cause disease;
"PD-1"	an immune checkpoint receptor expressed on T cells, B cells and macrophages, which are large cells found in stationary form in the tissues or as a mobile white blood cell, especially at sites of infection. 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;
"PI"	principal investigator;
"pneumonia"	the leading cause of death among children under age 5, with the majority of those deaths occurring in the developing world;
"pseudovirus"	a virus artificially created by pseudotyping to contain envelope proteins from a different virus, which is widely used in vaccine development;
"QS-21"	a purified plant extract used as a vaccine adjuvant;
"R&D"	research and development;
"RBC"	red blood cell;
"RBD"	receptor binding domain, a key part of a virus located on its "spike" protein that allows it to dock to body receptors to gain entry into cells and lead to infection;
"recombinant protein vaccine"	one category of vaccines, which comprise protein antigens produced in heterologous expression system (e.g., cells or yeast);

"RNA vaccine"	a vaccine that produces an immune response by introducing RNA which instructs the cells to produce specific antigens;
"S protein"	spike protein, a large type I transmembrane protein that is the main surface antigen of SARS-CoV-2 to mediate entry of SARS-CoV-2 into cells expressing the angiotensin-converting enzyme 2 (ACE2);
"SAE"	serious adverse events, any untoward medical occurrence in human drug trials that at any dose: results in death; is life threatening; requires inpatient hospitalization or causes prolongation of existing hospitalization; results in persistent or significant disability/incapacity; may have caused a congenital anomaly/birth defect, or requires intervention to prevent permanent impairment or damage;
"SARS-CoV-2"	severe acute respiratory syndrome coronavirus 2, the strain of coronavirus that causes COVID-19;
"Sendai virus"	a single-stranded pleomorphic RNA virus and is the type species of the genus Respirovirus of the Paramyxoviridae family;
"siRNA"	Small Interfering RNA, a class of double-stranded RNA non-coding RNA molecules;
"shingles"	a viral infection that causes a painful rash;
"split virion"	a type of vaccine that provides active immunization against four influenza virus strains (two A subtypes and two B types);
"STD"	sexually transmitted diseases, are infections that are passed from one person to another through sexual contact;
"T cell"	cells that originate in the thymus, mature in the periphery, become activated in the spleen/nodes if their T-cell receptors bind to an antigen presented by an MHC molecule and they receive additional costimulation signals driving them to acquire killing (mainly $CD8^+$ T cells) or supporting (mainly $CD4^+$ T cells) functions;

"TB"	tuberculosis, an infection caused by *Mycobacterium tuberculosis* that primarily affects the lungs;
"TLR4"	a receptor for lipopolysaccharide (LPS), which has a pivotal role in the regulation of immune responses to infection;
"tolerability"	the degree to which overt AEs of a drug can be tolerated by a patient. Tolerability of a particular drug can be discussed in a general sense, or it can be a quantifiable measurement as part of a clinical study;
"varicella"	an acute infectious disease caused by the first infection of varicella zoster virus;
"VLPs"	virus-like particles, are molecules that closely resemble viruses;
"VOC(s)"	variants of concern in order to prioritise global monitoring and research, and ultimately to inform the ongoing response to the COVID-19 pandemic, certain variants of SARS-CoV-2 were designated as VOC(s) for reasons of transmissibility and virulence;
"VSV"	vesicular stomatitis virus, a non-segmented single-stranded negative sense RNA virus;
"VZV"	varicella-zoster virus, one of nine herpesviruses known to infect humans, causes chickenpox (varicella) in children and shingles (herpes zoster) in adults;
"WHO"	World Health Organization.

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 certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "might", "ought to", "plan", "potential", "predict", "project", "seek", "should", "will", "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements we make regarding our projections, business strategy and development activities as well as other capital spending, financing sources, the effects of regulation, expectations concerning future operations, margins, profitability and competition. The foregoing is not an exclusive list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. We caution you therefore against placing undue reliance on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political economic, business, competitive, market and regulatory conditions and the following:

- our business prospects;
- our business strategies and plans to achieve these strategies;
- our ability to commercialize our vaccine candidates if and when approved for market launch;
- future developments, trends and conditions in and competitive environment for the industries and markets in which we operate;
- general economic, political and business conditions in the markets where we operate;
- our financial condition and performance;

- our capital expenditure plans;
- changes to the regulatory environment and policies that affect our business general;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- the amount and nature of, and potential for, future development of our business;
- the actions of and developments affecting our competitors;
- the length and severity of the recent COVID-19 outbreak and its impact on our business and industry; and
- certain statement in the sections headed "Risk Factors," "Industry Overview," "Regulatory Overview," "Business," "Financial Information" and "Future Plans and Use of Proceeds" with respect to trends in interest rates, foreign exchange rates, prices, operations, margins, risk management and overall market trends.

Any forward-looking statement made by us in this prospectus speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

Investments in our Shares involves significant risks. You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations. In particular, we are a biotechnology company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with investing in companies such as ours. Potential investors may lose all of their investments in the Company given the nature of biotechnology industry. Your investment decision should be made in light of these considerations.

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, which will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward Looking Statements" in this prospectus.

RISKS RELATING TO OUR FINANCIAL POSITION AND PROSPECTS

We have incurred significant net losses since inception and expect to continue to incur net losses for the foreseeable future, and may never achieve or maintain profitability. As a result, you may lose substantially all of your investment in us if our business fails.

We are a clinical-stage biotechnology company. Our operations to date have primarily focused on the vaccine development, including preclinical studies and clinical trials of our vaccine candidates. As of the Latest Practicable Date, we had not yet successfully advanced any vaccine candidates to commercial sale and had generated no revenue from sales of vaccines. We have incurred significant expenses related to the research and development of our vaccine candidates. For the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, our research and development costs amounted to RMB63.3 million, RMB130.5 million and RMB371.8 million, respectively. As a result, we incurred net losses of RMB138.3 million, RMB179.4 million and RMB520.4 million for the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, respectively. We may continue to incur significant expenses and operating losses for the foreseeable future. Based on the unaudited preliminary financial information for the year ended December 31, 2021, our net losses increased significantly, and in particular, our R&D expenses increased by over 200% for the year ended December 31, 2021 as compared to the year ended December 31, 2020. We expect that our net loss will continue to increase in 2022 as a result of the increasing R&D activities we conduct to develop our vaccine candidates, in particular, REC603 and ReCOV.

Our ability to generate significant revenue in the next several years will depend primarily on the successful regulatory approvals, manufacture, marketing and commercialization of our vaccine candidates, which is subject to significant uncertainty. Therefore, we cannot guarantee that we are able to generate substantial revenue for the foreseeable future. We have devoted most of our financial resources to research and development of our vaccine candidates, including our preclinical studies and clinical research and development activities. To date, we have financed our operations primarily through investments from Pre-IPO Investors. The amount of our future net losses will depend, in part, on our future strategic collaboration opportunities or additional grants. Even if we successfully obtain regulatory approvals for certain vaccine candidates, our future revenue will depend upon the size of any target markets in which our vaccine candidates have received approvals, our ability to achieve sufficient market acceptance as well as other factors.

Our ability to become and remain profitable depends on whether we can generate revenue from our vaccine candidates, we may not become profitable and may need to obtain additional funding to continue our operations. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce our operations. Our failure to become and remain profitable would decrease the value of our Company and could impair our ability to raise capital, expand our business or continue our operations. As a result, you may lose substantially all of your investment in us if our business fails.

Our financial prospects depend on the successful development, approval and commercialization of our clinical-stage and preclinical stage vaccine pipeline.

Our business will depend on the successful development, regulatory approvals and commercialization of our vaccine candidates, all of which are still in preclinical or clinical stage, and other vaccine candidates we may develop. We have invested a significant portion of our efforts and financial resources in the development of our existing vaccine candidates. The success of our vaccine candidates will depend on several factors, including:

- successful enrollment of participants in, and completion of, clinical trials, as well as completion of preclinical studies;
- favorable safety and efficacy data from our clinical trials and other studies;
- receipt of regulatory approvals;
- establishing commercial manufacturing capabilities, either by building facilities ourselves or making arrangements with third party manufacturers;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity for our vaccine candidates;

- ensuring we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties; and

- successfully launching our vaccine candidates for commercial sales, if and when approved.

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

We may need to obtain substantial additional financing to fund our operations, and a failure to obtain necessary capital when needed would force us to delay, limit, reduce or terminate our vaccine development or commercialization efforts.

During the Track Record Period, we primarily funded our operations through investments from Pre-IPO Investors. We believe that we will need to spend substantial resources for research and development and commercialization of our vaccine candidates. Our future capital requirements depend on many factors, including:

- the commercialization and sales of our vaccine candidates;

- the timing, receipt, and amount of sales of, or royalties or milestone payments on, our future vaccine products, if any;

- the progress, results and costs of the clinical, preclinical and other studies of our other vaccine candidates;

- discovery of novel vaccine candidates;

- the timing of, and the costs involved in, obtaining regulatory approvals for our vaccine candidates;

- the cost and timing of future commercialization activities for our vaccines, if any of our vaccine candidates are approved for marketing, including vaccine manufacturing, marketing, sales and distribution costs;

- the costs involved in preparing, filing, prosecuting patent applications, maintaining, defending and enforcing our intellectual property rights, including litigation costs and the outcome of such litigation; and

- the extent to which we acquire or in-license other vaccine products, if any.

We plan to primarily use the net proceeds from the Global Offering, together with our existing cash to fund our future operations. However, if commercialization of our vaccine candidates is delayed or terminated, or if expenses increase, we may need to obtain additional financing to fund our operations. Additional funds may not be available when we need them, on terms that are acceptable to us, or at all. Our ability to raise funds will depend on financial, economic and market conditions and other factors, many of which are beyond our control. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities or commercialization for one or more of our vaccine candidates, and in turn will adversely affect our business prospects.

We had net liabilities during the Track Record Period.

As of December 31, 2019 and 2020, we had net liabilities of RMB319.5 million and RMB1,008.8 million. Our net liabilities as of December 31, 2019 and 2020 was primarily in relation to the redemption liabilities on owners' capital of RMB720.4 million and RMB1,952.9 million as of the same date, respectively. The redemption liabilities on owners' capital represented our obligations in relation to the redemption liabilities attached to our ordinary Shares we issued in series A and series B financing. Our redemption liabilities on owners' capital decreased from RMB1,952.9 million as of December 31, 2020 to nil as of September 30, 2021, as our redemption obligations associated with the aforementioned transactions have been terminated.

Although we had net assets of RMB1,798 million as of September 30, 2021, we cannot guarantee you that we will not record net liabilities in the future. A net liabilities position can expose us to the risk of shortfalls in liquidity. This in turn would require us to seek adequate financing from sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we are unable maintain adequate working capital or obtain sufficient equity or debt financings to meet our capital needs, we may be unable to continue our operations according to our plans and be forced to scale back our operations, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

If we determine our goodwill and intangible assets to be impaired, our results of operations and financial condition may be adversely affected.

As of December 31, 2019 and 2020 and September 30, 2021, we had goodwill of RMB9.3 million, RMB9.3 million and RMB9.3 million, respectively. In addition, we have other intangible assets of RMB22.1 million, RMB22.1 million and RMB22.1 million as of the same date, respectively. The goodwill and intangible assets primarily represent the goodwill and in-progress R&D technology acquired in relation to Beijing ABZYMO. See note 15 and 16 to the Accountants' Report in Appendix I in this prospectus for details.

While we did not recognize impairment loss for goodwill and intangible assets during the Track Record Period, we cannot assure you that there will be no such charges in the future. In particular, the failure to achieve financial results commensurate with our goodwill and/or intangible assets estimates may adversely affect the recoverability of such goodwill and/or intangible assets, and in turn result in impairment losses. As we carry a substantial balance of goodwill and intangible assets, any significant impairment losses charged against our goodwill and/or intangible assets could have a material adverse effect on our business, financial condition and results of operations.

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

In recognition of the contributions of our employees and to incentivize them to further promote our development, we operated a share reward scheme. The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted less the consideration received by the Group. The fair value of the share award granted is measured as the market value at the grant date, which is determined using the discounted cash flows approach. In 2019, 2020 and the nine months ended September 30, 2021, we incurred nil, nil and RMB125.2 million in share-based payments, respectively. We believe the grant of share incentives is of significant importance to our ability to attract and retain key personnel and employees and we may make additional share-based compensations in the future. Issuance of additional shares with respect to such share-based payments may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payments may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

We had cash outflow from operating activities during the Track Record Period and may continue to experience net operating cash outflow in the foreseeable future.

We had net cash used in operating activities of RMB138.6 million, RMB70.3 million and RMB342.8 million for the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, respectively, and we expect that we may not be able to achieve or sustain operating cash inflows for the foreseeable future. Although we believe we have sufficient working capital to fund our operations, if in any case we are unable to maintain adequate liquidity for operating activities, we may not be able to fund our research and development and commercialization activities and to meet our capital expenditure requirements, which may have a material adverse effect on our business prospects, financial condition and results of operations.

Our results of operations, financial conditions, and prospects may be adversely affected by fair value changes and credit risk associated with our financial assets at FVTPL due to the use of unobservable inputs.

During the Track Record Period, we had certain financial assets at FVTPL, primarily representing the structural deposits we purchased. All of such products were issued and managed by leading commercial banks in China, and all of them were principal-guaranteed. Accordingly, we are exposed to credit risk in relation to the financial assets, which may adversely affect our net changes in the fair value. The financial assets at FVTPL are stated at fair value, and net changes in the fair value are recorded as other gains or losses, thus directly impacting our results of operations. We cannot assure you that market conditions and regulatory environment will create fair value gains and we will not incur any fair value losses on our financial assets at FVTPL in the future. Our results of operations, financial condition and prospects may be adversely affected if we incur such fair value losses. In addition, fair value of such assets is estimated based on unobservable inputs, such as expected interest rate per annum. The actual changes of any unobservable input may result in changes of the valuation of such assets. If there is any decrease of fair value on financial assets due to the change of the valuation of such financial assets, our financial conditions will be adversely affected.

We have historically received government grants and subsidies for our research and development activities and we may not receive such grants or subsidies in the future.

We currently benefit from government grants and certain preferential tax treatments and tax concessions to support our business operations. Expiration of, or changes to, these incentives or government grants or our failure to satisfy any condition for these incentives or government grants would have an adverse effect on our results of operations. We recognized government grants as other income of RMB0.2 million, RMB1.5 million and RMB3.4 million for the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, respectively, which are of a non-recurring nature. Our eligibility for government grants is dependent on a variety of factors, including the assessment of our improvement on existing technologies, relevant government policies, the availability of funding at different granting authorities and the research and development progress made by other peer companies. In addition, the policies according to which we historically received government grants may be halted by the relevant government entities at their sole discretion. There is no assurance that we will satisfy all relevant conditions of government grants and incentives, or we will continue to receive such government grants or be eligible for preferential tax treatments or concessions or receive similar levels of government grants, preferential tax treatments or concessions, or at all, in the future.

Raising additional capital may cause dilution to our Shareholders, restrict our operations or require us to relinquish rights to our technology platforms or pipeline vaccines.

We may seek additional funding through a combination of equity offerings, debt financings, strategic collaborations, and licensing arrangements. To the extent that we raise additional capital through issuance of equity or convertible debt securities, your ownership interests 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 vaccine 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.

RISKS RELATING TO DEVELOPMENT, CLINICAL TRIALS AND REGULATORY APPROVAL OF OUR VACCINE CANDIDATES

We may be unable to successfully complete clinical development, obtain regulatory approval and commercialize our vaccine candidates.

Our business will depend on the successful development, regulatory approval and commercialization of our vaccine candidates, all of which are still in discovery, preclinical or clinical stage, and other new vaccine candidates that we may identify and develop. As of the Latest Practicable Date, we had initiated four clinical trials. However, we cannot guarantee that we are able to obtain regulatory approvals for any of our existing vaccine candidates in a timely manner, or at all. In addition, none of our vaccine candidates has been approved for commercialization in China or any other jurisdictions yet. Each of our vaccine candidates will require additional preclinical and/or clinical development, regulatory approvals in multiple jurisdictions. Substantial investments are required before we generate any revenue from product sales.

Vaccine development involves a lengthy and expensive process with uncertain outcomes and results of earlier clinical trials may not be predictive of results of later-stage clinical trials.

Clinical testing is expensive and can take many years to complete, while its outcomes are inherently uncertain. We exclusively focus on developing vaccine candidates with the potential to become transformative vaccines, but we cannot guarantee that we are able to achieve this for any of our vaccine candidates. Failure can occur at any time during the clinical development process. The results of preclinical studies and early clinical trials of our vaccine 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. Vaccine candidates during later stages of clinical trials may fail to show the desired outcomes in safety and efficacy despite of having progressed through early stage clinical trials, and of the level of scientific rigor in the study, design and adequacy of execution. In some instances, there can be significant variability in safety and/or efficacy results among different trials of the same vaccine candidates due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the participant populations, this include genetic differences, participants adherence to the dosing regimen and other trial protocol elements and the rate of dropout among clinical trial participants.

In any trials we conduct, results may differ from earlier trials due to the larger number of clinical trial sites and additional countries and languages involved in such trials. A number of companies in the biotechnology industry have suffered significant setbacks in advanced clinical trials due to a lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. We cannot guarantee that our future clinical trial results will be favorable based on the current available clinical and preclinical data.

We invest substantial resources in research and development in order to develop our vaccine candidates and enhance our technology platforms, which we may not be able to do successfully.

The vaccine industry is constantly evolving, and we must keep pace with new technologies and platforms to maintain our competitive position. For the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, our research and development costs amounted to RMB63.3 million, RMB130.5 million and RMB371.8 million, respectively. We expect to continue to invest significant amounts of human and capital resources to develop our vaccine candidates and enhance our technology platforms, namely the adjuvant development platform, protein engineering platform and immunological evaluation platform, which will enable us to advance our pipeline vaccines. We intend to continue to strengthen our technical capabilities in the development and manufacture of our products, which are capital and time intensive. We cannot assure you that we will be able to develop improve or adapt to new technologies and platforms, successfully identify new technological opportunities, develop and bring new or enhanced vaccines to market, obtain sufficient or any patent or other intellectual property protection for such new or enhanced vaccines or obtain the necessary regulatory approvals in a timely and cost-effective manner, or, if such products are introduced, that those products will achieve or maintain market acceptance. Any failure to do so may render our efforts obsolete, which could significantly reduce demand for our products and harm our business and prospects.

We may not be able to identify, discover or in-license new and suitable vaccine candidates.

We may fail to identify suitable vaccine candidates for clinical development for a number of reasons. For example, our research methodology may be unsuccessful in identifying potential vaccine candidates or those we identify may be shown to have harmful side effects or other characteristics that make them unmarketable or unlikely to receive regulatory approval. We have devoted significant resources to the development of our vaccine pipeline through our platform technologies, and we cannot guarantee that we will be successful in identifying potential vaccine candidates. Historically, we have in-licensed or collaborated on a few vaccine candidates. We cannot guarantee that we will be able to continue to successfully identify and in-license or collaborate on new vaccine candidates with high potential.

Research programs to pursue the development of our vaccine candidates for additional diseases and to identify new vaccine candidates and vaccine targets require substantial technical, financial and human resources. Our research programs may initially show promise in identifying potential diseases and/or vaccine candidates, yet fail to yield results for clinical development for a number of reasons, including:

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

- potential vaccine candidates may, after further study, be shown to have adverse effects or other characteristics that indicate they are unlikely to be effective vaccines; or

- it may take greater human and financial resources to develop suitable potential vaccine candidates through internal research programs than we will possess, thereby limiting our ability to diversify and expand our vaccine portfolio.

Accordingly, there can be no assurance that we will ever be able to identify additional appropriate opportunities for our vaccine candidates or to develop effective potential vaccine candidates through our team and platform technologies, which could materially adversely affect our future growth and prospects. We may focus our efforts and resources on potential vaccine candidates or other potential programs that ultimately prove to be unsuccessful.

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

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of participants who remain in the trial until its conclusion. Particularly for pandemic outbreaks such as COVID-19, our ability to enroll a sufficient number of participants is largely affected by the existence of the pandemic. We may not be able to initiate or continue clinical trials for our vaccine candidates

if we are unable to locate and enroll a sufficient number of eligible participants to participate in these trials, or if there are delays in the enrollment of eligible participants as a result of the competitive clinical enrollment environment.

We may experience difficulties in participant enrollment in our clinical trials for a variety of reasons, including:

- the obstacles in meeting size and nature of the participants population;
- severity of the disease under investigation;
- design and eligibility criteria for the clinical trial in question;
- perceived risks and benefits of the vaccine candidate under study;
- our resources to facilitate timely enrollment in clinical trials;
- availability of competing vaccine candidates also undergoing clinical trials;
- our investigators' or clinical trial sites' efforts to screen and recruit eligible participants; and
- proximity and availability of clinical trial sites for prospective participants.

In addition, some of our competitors have ongoing clinical trials for vaccine candidates that prevent the same diseases as our vaccine candidates, and participants who would otherwise be eligible for our clinical trials may instead enroll in the clinical trials of our competitors' vaccine candidates, which may further delay our clinical trial enrollments.

Even if we are able to enroll a sufficient number of participants in our clinical trials, delays in participant enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development of our vaccine candidates.

If clinical trials of our vaccine 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 vaccine candidates.

Before obtaining regulatory approvals for the commercial sale of our vaccine candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our vaccine candidates for their proposed diseases. Undesirable AEs caused by our vaccine candidates could cause us or regulatory authorities to interrupt, delay, suspend or terminate clinical trials and result in a more restrictive label or the delay or denial of regulatory approval by the NMPA. Results of our clinical trials could reveal a high and unacceptable severity or prevalence of

AEs. In such an event, our clinical trials could be suspended or terminated and the NMPA could order us to cease further development of, or deny approval of, our vaccine candidates for any or all targeted diseases. AEs could affect participant recruitment or the ability of enrolled participants to complete the trial, and result in potential product liability claims. In particular, we adopt a novel mechanism of action design in our COVID-19 vaccine candidate, the NTD-RBD-foldon trimer, which is still in an early clinical stage. For details, see "Business—Our Vaccine Pipeline—COVID-19 Vaccine—Mechanism of Action." As such, there are significant uncertainties with respect to the design of the mechanism of action and we may not be able to bring such vaccine candidates to next clinical trial phase or commercialization in a timely manner, or at all. In addition, our clinical trials may be shown to lack meaningful clinical response or other unexpected characteristics.

If the results of clinical trials of our vaccine candidates are not positive or only modestly positive for proposed diseases or if they raise safety concerns, we may:

- be delayed in obtaining regulatory approval for our vaccine candidates, or not obtain regulatory approval at all;
- be required to add labeling statements;
- not obtain regulatory approval for all the proposed diseases as intended;
- be subject to restrictions on how the vaccine is distributed or used; and
- be sued or held liable for injury caused to individuals exposed to or taking our vaccine candidates.

In addition, if one or more of our vaccine candidates receives regulatory approval, and we or others later identify undesirable side effects caused by such vaccines, a number of potentially significant negative consequences could result, including but not limited to the following situations whereby:

- we may be forced to suspend marketing of the vaccine;
- regulatory authorities may withdraw approvals for the commercial sale of the vaccine;
- regulatory authorities may require additional warnings on the label;
- we may be required to conduct post-market studies;
- we could be sued and held liable for harm caused to participants; and
- our reputation may suffer.

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

Interim and preliminary data from our clinical trials that we announce or publish from time to time may change as more participant data becomes available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publicly disclose preliminary or top-line data from our preclinical studies and clinical trials, which is based on a preliminary analysis of then available data, whose results, related findings and conclusions are subject to changes following a more comprehensive review of such data. We also make assumptions, estimations, calculations and conclusions as part of our analyses progress, for which we may not necessarily receive or had the opportunity to fully and carefully evaluate all data. As a result, the top-line or preliminary results reported by us may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Top-line data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, top-line data should be viewed with caution until the final data are available.

We may also disclose interim data from our preclinical studies and clinical trials. Interim data from clinical trials that we may complete are subject to the risks that one or more of the clinical outcomes may materially change along with participant enrollment where more participant data become available. Adverse differences between preliminary or interim data and final data could significantly harm our business prospects. Further, disclosure of interim data by us or our competitors could result in volatile prices of our Shares after this Global Offering.

Moreover, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses, or may interpret or weigh the importance of data differently, which could impact the value of our particular program, the approvability or commercialization of our particular vaccine candidate or product and us in general.

The data and information that we gather in our research and development process could be inaccurate or incomplete.

We collect, aggregate, process, and analyze data and information from our preclinical studies and clinical programs. Because data in the vaccine industry is fragmented in origin, inconsistent in format, and often incomplete, the overall quality of data collected or accessed in the vaccine industry is often subject to challenge, the degree or amount of data which is knowingly or unknowingly absent or omitted can be material, and we often discover data issues and errors when monitoring and auditing the quality of our data. If we make mistakes in the capture, input, or analysis of these data, our ability to advance the development of our vaccine candidates may be materially harmed and our business, prospects and reputation may suffer.

We also engage in the procurement of regulatory approvals necessary for the development and commercialization of our vaccine candidates, for which we manage and submit data to governmental entities. These processes and submissions are governed by complex data processing and validation policies and regulations. Notwithstanding such policies and regulations, interim, top-line or preliminary data from our clinical trials that we announce or publish from time to time are subject to audit and verification procedures that could result in material changes in the final data, in which case we may be exposed to liability to a customer, court or government agency that concludes that our storage, handling, submission, delivery, or display of health information or other data was wrongful or erroneous. Even unsuccessful claims could result in substantial costs and diversion of management time, attention, and resources. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations. In addition, we rely on CROs, our business partners and other third parties to monitor and manage data for some of our ongoing preclinical and clinical programs and control only certain aspects of their activities. If any of our CROs, our business partners or other third parties does not perform to our standards in terms of data accuracy or completeness, data from those preclinical and clinical trials may be compromised as a result, and our reliance on these parties does not relieve us of our regulatory responsibilities. For a detailed discussion, see "—Risks Relating to Our Dependence on Third Parties—We rely on third parties to conduct certain aspects of our clinical trials. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or comply with relevant regulatory requirements, we may not be able to obtain regulatory approval for and commercialize our vaccine candidates and our business could be substantially harmed."

The regulatory pathway for COVID-19 vaccines is highly dynamic and continues to evolve and may result in unexpected or unforeseen challenges.

The manner in which all parties are acting to develop and test vaccines against the SARS-CoV-2 virus is non-traditional and is subject to evolving or changing plans or priorities within the EMA, the NMPA, the WHO and other regulatory authorities, including changes based on new knowledge of COVID-19 and how the disease affects the human body. This may significantly affect the regulatory timeline for our COVID-19 vaccine candidates.

Results from clinical testing may also raise new questions and require us to redesign proposed clinical trials, including revising proposed endpoints or adding new clinical trial sites or cohorts of participants. For example, the NMPA and the WHO prioritize the regulatory administration on COVID-19 vaccines, while emphasizing on various regulatory requirements on preclinical studies and clinical trials. Although we intend to design any future clinical trials for our COVID-19 vaccine candidates are in accordance with this guidance, we cannot be certain that, as the regulatory pathway continues to evolve, we will be able to complete a clinical trial in accordance with the applicable guidance and regulations then in effect. More recently, WTO has issued a proposal to waive patent protection for COVID-19 vaccines, which has been supported by several countries, including the United States. It is currently uncertain whether such proposal will be passed and the impact of such proposal, if passed.

A failure to complete a clinical trial in accordance with guidance and regulations then in effect could impair our ability to obtain approval for our COVID-19 vaccine candidates, which may adversely affect our operating results, reputation and ability to raise capital and enter into or maintain collaborations to advance our other vaccine candidates.

Our vaccine candidates may cause AEs or side effects that could cause delay or prevent from obtaining regulatory approvals and further diminish the commercial viability.

AEs caused by our vaccine candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the NMPA. Results of our clinical trials could reveal a high and unacceptable seriousness or prevalence of AEs. In such an event, our clinical trials could be suspended or terminated and the NMPA could order us to cease further development of, or deny approval of, our vaccine candidates for any or all targeted diseases. AEs related to our vaccine candidates could affect participant recruitment or the ability of enrolled participants to complete the trial, and could result in potential product liability claims. Any of these occurrences may harm our reputation, business, financial condition and prospects significantly.

Additionally if one or more of our vaccine candidates receive regulatory approval, and we or others later identify undesirable side effects caused by such vaccines, a number of potentially significant negative consequences could result, including (i) suspension of the commercialization of the vaccine candidates; (ii) withdrawn of approvals of the vaccine; (iii) additional warnings on the label; (iv) conduct risk evaluation and implement mitigation measures for the vaccine; (v) conduct post-marketing clinical studies; (vi) being liable for detriment on the participants; and (vii) damage on our reputation. Any of these events could prevent us from achieving or maintaining market acceptance of the particular vaccine candidate, and could significantly harm our business, results of operations and prospects.

The regulatory approval processes of the NMPA and WHO and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable.

Our business is substantially dependent on our ability to complete development, obtain regulatory approval and successfully commercialize our vaccine candidates in a timely manner. We cannot commercialize our vaccine candidates without obtaining regulatory approval to market each product from the NMPA, the WHO and other regulatory agencies. The time required to obtain approval from the these regulatory agencies is unpredictable but typically takes years following the commencement of preclinical studies and clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a vaccine candidate's clinical development and may vary among jurisdictions. Moreover, changes in regulatory requirements and guidance during our clinical trials may occur, which may result in necessary changes to clinical trial protocols, which could increase our costs, delay the timeline for or reduce the likelihood of regulatory approval for our vaccine candidates. It is possible that none of our existing vaccine candidates or any vaccine candidates we may discover, in-license or acquire and seek to develop in the future will ever obtain regulatory approval, and any such failure could adversely affect our business, financial condition, results of operations and prospects.

In particular, our vaccine 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 vaccine candidate is safe and effective or, if it is a biologic, that it is safe, pure and potent for its proposed indication;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- data integrity issues related to our clinical trials;
- our CROs may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- disagreement with our interpretation of data from preclinical 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
- the supply or quality of our vaccine candidates or other materials necessary to conduct clinical trials of our vaccine candidates may be insufficient or inadequate.

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 increase our costs, be time consuming or even prevent us from initiating or completing the clinical trial. In addition, changes in government regulations or in practices relating to the vaccine industry, such as heightened standards imposed due to regulatory requirements, may increase the difficulty for us to reach such standards, and have a material adverse impact on our business, financial condition, results of operations, and prospects.

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 vaccine candidates.

All material aspects of the research, development, manufacturing and commercialization of vaccines are heavily regulated.

All jurisdictions in which we intend to conduct our vaccine development activities regulate these activities in great depth and detail. We intend to focus our activities in the major markets of China and certain overseas markets. These jurisdictions strictly regulate the vaccine industry, and in doing so they employ broadly similar regulatory strategies, including regulation of product development and approval, manufacturing, and marketing, sales and distribution of products. However, there are differences in the regulatory regimes that make for a more complex and costly regulatory compliance burden for a company like us that plans to operate in these regions.

The process of obtaining regulatory approvals and compliance with appropriate laws and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process and approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include: refusal to approve pending applications; withdrawal of an approval; license revocation; clinical hold; voluntary or mandatory product recalls; product seizures; total or partial suspension of production or distribution; injunctions; fines; refusals of government contracts; providing restitution; undergoing disgorgement; or other civil or criminal penalties. Failure to comply with these regulations could have a material adverse effect on our business.

We may not be able to comply with ongoing regulatory obligations and continued regulatory review even if we receive regulatory approval for our vaccine candidates.

If our vaccine candidates are approved, they will be subject to ongoing regulatory requirements for manufacturing, labelling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy, and other post-market information in China and any other jurisdictions where they receive BLA approvals. The NMPA, or a comparable regulatory authority may withdraw approval if compliance with regulatory requirements and standards is not maintained.

Moreover, previously unknown problems with our vaccine candidates or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may ensue following our receipt of regulatory approval and may result in revisions to the approved labelling to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks; or imposition of distribution restrictions or other restrictions under a risk evaluation and mitigation program.

Other potential consequences include, among other things:

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

Consequently, we will remain exposed to a variety of regulatory risks and related liabilities even if we are able to obtain regulatory approvals for our products.

Even if we obtain marketing approvals for our vaccine candidates, the terms of approvals and ongoing regulation of our products may limit how we manufacture and market our vaccines.

Even if we receive regulatory approval for a vaccine candidate, this approval may carry conditions that limit the market for the product or put the product at a competitive disadvantage relative to alternative therapies. For instance, a regulatory approval may limit the indicated uses for which we can market a product or the participant population that may utilize the product or may be required to carry a warning in its labeling and on its packaging. Vaccines with additional warnings are subject to more restrictive advertising regulations than products without such warnings. These restrictions could make it more difficult to market any vaccine candidate effectively. Accordingly, assuming we receive marketing approval for one or more of our vaccine candidates, we will continue to expend time, money and effort in all areas of regulatory compliance.

We may allocate our limited resources to pursue a particular vaccine candidate or disease and fail to capitalize on vaccine candidates or diseases that may later prove to be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we must limit our licensing, research, development and commercialization programs to specific products and vaccine candidates that we identify for specific indications. As a result, we may forego or delay pursuit of opportunities with other vaccine candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial drugs or profitable market opportunities. In addition, if we do

not accurately evaluate the commercial potential or target market for a particular vaccine candidate, we may relinquish valuable rights to that drug candidate through collaboration, licensing or other royalty arrangements when it would have been more advantageous for us to retain sole development and commercialization rights to such vaccine candidate.

RISKS RELATING TO MANUFACTURING AND COMMERCIALIZATION OF OUR VACCINE AND VACCINE CANDIDATES

We expect to sell most of our products to CDCs in China and may not be able to be successfully prequalified by provincial CDCs of our target provinces or secure subsequent vaccine orders.

We expect the PRC government, such as CDCs, to be a part of our customers. We are focused on China's vaccine market, and a portion of our vaccine candidates are required to be prequalified by provincial CDCs of our target provinces through a bidding process before undertaking any sales. The CDCs usually select one or more suppliers for the same type of vaccines, taking into consideration, among other things, the quality and price of the products and the service and reputation of the suppliers. We may be unsuccessful in winning bids in the tender process to prequalify our products at the provincial level. If we fail to obtain the required prequalification, we will lose market share to our competitors, and our revenue and profitability will be adversely affected. In addition, we have no influence over government procurement decisions, and CDCs may request to reduce or even cancel orders, or demand price adjustments or other changes under certain conditions. Even if our vaccines are prequalified, we cannot guarantee that we will be able to secure purchase orders from local CDCs. If provincial CDCs do not purchase our products, or the purchase volume is lower than expected, our business, financial conditions and results of operations would be adversely affected.

The recession or eradication of the diseases that our vaccines target may adversely affect our sales.

We have devoted significant resources to the research and development of vaccines against pandemic threats, for example, HPV and COVID-19. We will continue to devote resources to the development of vaccines to address emerging pandemic threats. However, a pandemic may have been controlled before we realize any return on our investment in the research and development of our vaccines. For example, we may be unable to successfully commercialize a successful COVID-19 vaccine and obtain adequate market demand for our COVID-19 vaccine before the pandemic is controlled. Moreover, diseases that our vaccines target may be eradicated, which would diminish the market demand of our vaccines. In addition, outbreaks of infectious diseases may cause related government agencies or vaccinees to significantly increase their purchases of vaccines against the pandemic diseases and reduce purchases of other vaccines in a short period. Changes of the procurement plans could adversely affect sales of our vaccine products.

The market opportunities for our vaccine candidates may be smaller than we anticipate, which could render some vaccine candidates ultimately unprofitable even if commercialized.

We estimate the incidence and prevalence of target vaccination populations for particular diseases based on various third-party sources, such as scientific literature, surveys of clinics, participants foundations or market research, as well as internally generated analysis, and we use such estimates in making decisions regarding our vaccine development strategy, including determining on which candidates to focus our resources for preclinical or clinical trials. These estimates may be inaccurate or based on imprecise data. The total addressable market opportunity will depend on, among other things, acceptance of the vaccine by the medical community and vaccinee access, vaccine pricing and reimbursement. Further, as REC603 is currently under phase III clinical trial, we have not formulated any concrete pricing strategy at this stage and the commercialization of our Core Product remains uncertain at this stage.

The number of vaccinees in the addressable markets may turn out to be lower than expected, vaccinees may not be amenable to treatment with our vaccines, or new vaccines may become increasingly difficult to identify or access. Furthermore, new studies may change the estimated incidence or prevalence of the diseases that our vaccine candidates target, and the number of addressable vaccinees for our vaccine candidates in any case may turn out to be lower than expected. In such cases, even if we obtain significant market share for our vaccine candidates, because the potential target populations are small, we may never achieve profitability without obtaining regulatory approval for additional diseases. Any of the above unfavorable developments could have a material adverse effect on our business, financial condition and results of operations.

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

Even with the requisite approvals from the NMPA or other applicable regulatory authorities, the commercial success of our vaccine candidates will depend, in part, on the acceptance of our vaccine candidates by physicians, vaccinees, third-party payers, and others in the vaccine or disease prevention industry. Any vaccine that we commercialize may fail to gain acceptance from physicians, vaccinees, third-party payers, and such potential users may prefer other vaccines. If these commercialized vaccine candidates do not achieve an adequate level of acceptance, we may not generate significant revenue and may not become profitable. The degree of market acceptance of our vaccine candidates, if approved for commercial sale, will depend on several factors, including:

- the diseases for which our vaccine candidates are approved;
- the efficacy and safety of such vaccine and vaccine candidates as demonstrated in clinical trials;

- the opinion of the physicians, hospitals and vaccinees considering our vaccines and vaccine candidates as safe and effective;
- the potential and perceived advantages of our vaccine and vaccine candidates over other vaccines;
- the cost advantage of vaccines related to alternative products;
- the willingness of the public to purchase private market vaccines;
- the availability of vaccines and level of convenience of dosing schedule and dosage form, as compared with competing vaccines;
- the willingness and ability of local government entities to purchase our vaccine products;
- the target population's perception of the desirability of new vaccines;
- the prevalence and severity of any side effects;
- product labelling or product insert requirements of the NMPA or other regulatory
- the strength of marketing and distribution support;
- the timing of market introduction of competing products;
- publicity concerning our vaccine products or competing products; and
- the effectiveness of our sales and marketing efforts.

Even if a potential product displays a favorable efficacy and safety profile in preclinical studies and clinical trials, market acceptance of the product will not be fully revealed until after it is launched. In addition, because our vaccine candidates are intended to prevent infectious diseases, demand for our vaccine candidates in any given year may be impacted by the relative severity and prevalence of such diseases and the effectiveness of existing vaccines, if any, in providing immunity.

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

The regulations that govern regulatory approvals, pricing and reimbursement scheme for vaccine products vary widely from country to country. For example, the prices that we intend to charge for our vaccine may also subject to approval in many countries outside of China. As a result, we might obtain regulatory approval for a vaccine in a particular country but still

subject to price regulations that delay our commercial launch of the vaccine and negatively impacts our revenue. Our ability to commercialize any approved vaccine candidates successfully will also depend in part on the extent to which reimbursement for these vaccines where the related treatments will be available from government health administration authorities, private health insurers and other organizations. A primary trend in the global healthcare industry is cost containment. Government authorities and these third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications.

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 vaccine 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 vaccine candidate that we commercialize. Obtaining or maintaining reimbursement for approved vaccine candidates may be particularly difficult. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any vaccine candidate that we in-license or successfully develop.

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

We have limited experience in launching and marketing vaccine candidates. If we are unable to maintain sufficient marketing and sales capabilities, we may not be able to generate product sales revenues.

Our operations to date have been largely focused on developing our vaccine candidates, including undertaking preclinical studies and conducting clinical trials. We have not yet demonstrated our ability to manufacture vaccines at a commercial scale, or arrange for a third party to do so on our behalf, or conduct sales, marketing and distribution activities necessary for successful commercialization for our vaccine candidates. Our ability to successfully commercialize our vaccine candidates may involve inherent risk. We may spend substantially more time and capital resources than companies with experience in launching and marketing vaccine candidates. We will have to compete with other pharmaceutical and vaccine companies to recruit, hire, train and retain marketing and sales personnel. As of the Latest Practicable Date, we were in the process of building our commercialization team in anticipation of the launch of our vaccine candidates. However, there can be no assurance that we will be able to maintain adequate marketing and sales capabilities to support our future approved vaccine products. As a result, we may not be able to generate revenue from sales of our vaccine candidates.

The manufacture of vaccines is a highly exacting and complex process, and if we encounter problems in manufacturing our products, our business could suffer.

The manufacture of vaccine products is a highly exacting and complex process, due in part to strict regulatory requirements. If problems arise in the course of producing a batch of vaccines or its component, that batch may need to be discarded, which would result in additional expenses and may also lead to product shortages. If problems are not discovered before the vaccine reaches the market, recall and product liability costs may also be incurred.

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

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

We cannot assure you that we will be able to resolve such issues if they arise in a cost-effective and timely manner. In addition, the NMPA and other regulatory authorities require that our vaccine candidates be manufactured according to GMP or specific cGMP standards, if we cannot achieve or maintain, such regulators may issue a warning against us, withdraw approvals previously granted to us, or take other regulatory or legal action, including recall or seizure, total or partial suspension of production, suspension of ongoing clinical trials, refusal to approve pending applications or supplemental applications, halting of production and distribution, refusal to permit the import or export of products or imposing civil and criminal penalties. Such regulators may also withdraw approvals if unexpected problems occur with our vaccine candidates, including AEs of unanticipated severity or frequency and side effects, which may lead to revisions to the approved labeling to add additional safety information, imposition of additional clinical studies to evaluate safety risks and/or other restrictions.

Furthermore, because of the complex nature of our vaccine candidates, we may not be able to manufacture them at a cost or in quantities or in a timely manner necessary to make commercially successful products. We may fail to effectively increase the efficiency of our manufacturing processes or control manufacturing costs, and may therefore fail to compete with other products in terms of cost and price. In addition, as our vaccine portfolio increases and matures, we will have a greater need for clinical study and commercial manufacturing capacity. Any negative developments in respect of the above could have a material adverse effect on our business, financial condition and results of operations.

Vaccine products are susceptible to contamination.

Vaccine manufacturing usually requires cultivation steps, including growth of the appropriate organism and the use of substances of animal origin, which makes it easy to introduce a contaminant and to amplify low levels of contamination. In addition, manufacturing operations based on the sharing of equipment and facilities is common. Moreover, other activities such as diagnosis and research are frequently linked to manufacture and this may result in opportunities for cross-contamination. Any improper actions during the long-distance transportation, storage and delivery services may result in contamination of our vaccine products. Contamination of our vaccine products could cause customers or other third parties with whom we conduct business to lose confidence in the reliability of our manufacturing procedures, which could adversely affect our sales and profits. In addition, contaminated products that are unknowingly distributed could result in harm on vaccinees, threaten the reputation of our vaccine products and expose us to product liability claims, criminal charges and administrative sanctions.

Any failure to perform proper quality control and quality assurance would have a material adverse effect on our business and financial results.

Manufacturing of vaccine products for commercial sale are subject to applicable laws, regulations and GMP requirements. These regulations and laws govern the manufacturing processes and procedures, such as record keeping, operating and implementing the quality management systems to control and assure the quality of investigational products and products approved for sale. We adopt stringent quality control standards at every stage of our manufacturing process not only to fulfil the legal requirements but to ensure a high quality output. Apart, we perform extensive tests throughout the manufacturing processes to ensure the safety and effectiveness of our vaccine products. However, there can be no assurance that such standards or tests will be effective. We may, however, detect instances in which an unreleased product was produced without adherence to our manufacturing procedures or the raw material used in our manufacturing process was not collected to store in accordance with the GMP standards or other regulations, resulting in a determination that the implicated products should be destroyed. In addition, if we fail to comply with relevant quality control requirements under any laws or GMP, we could experience disruptions in manufacturing of our vaccine products, which could delay or prevent further sales of such products, and may result in material adverse effect on our business and financial results.

Quality issues may also arise during the large volume manufacturing process. If we are unable to maintain the consistent and high quality manufacturing of our vaccine products during large-volume manufacturing, the sales of our vaccines may be unencouraged and interrupted. These could have a material adverse effect on our business and financial results.

Failure to establish a complete and effective network of cold-chain logistics providers may cause great risk of damage to our vaccine products and our reputation and business would suffer.

Vaccines are sensitive biological products. Some vaccines are sensitive to freezing, some to heat and others to light. To maintain quality and potency, vaccines must be stored in good conditions through cold-chain logistics providers. In order to maintain a reliable vaccine cold chain at manufacture level before delivery to our customers, we are required to, among others, establish a complete and effective network of cold-chain logistics providers to store vaccines and diluents within the approved temperature range at all sites, pack and transport vaccines to and from outreach sites according to recommended procedures, and perform regular oversight and monitor on the delivery process to our customers. If we or third parties we cooperated with fail to do so, our vaccine products may be exposed to inappropriate temperatures or other improper storage conditions and subject to potency diminishment or even potency loss. In this case, all the vaccine products are subject to quality damage and may need to be destroyed. As a result, our reputation and business would suffer.

If we fail to obtain regulatory approval in any targeted jurisdictions outside of China, we will not be able to market our products in those jurisdictions.

We are subject to the laws and regulations in relation to obtaining regulatory approval in China. In addition, we intend to market certain of our vaccine candidates, if approved, in jurisdictions outside of China. As of the Latest Practicable Date, we did not have a specified overseas target market for our vaccine candidate. Penetration in any overseas market will require separate regulatory approvals in each market and compliance with numerous and varying regulatory requirements. The approval procedures vary among regions and countries which may involve requirements for additional testing, and the time required to obtain approval may differ from that required to obtain NMPA approval. Our limited experience in overseas markets may expose us to risks and uncertainties, including but not limited to the risks associated with the following:

- dealing with regulatory regimes, regulatory bodies and government policies which may differ materially from those in the PRC or with which we may be unfamiliar;

- substantial time which may be required for us to obtain approval for registering and selling our products in additional countries, especially in developed countries;

- commercializing our vaccines in new markets where we have limited experience with the dynamics and no sales and marketing infrastructure;

- higher costs for vaccine development and reliance on overseas partners for the development, commercialization and marketing of our vaccines;

- vaccine product related and professional liability litigation and regulatory scrutiny arising from the marketing and sale of products in overseas markets and the costs incurred dealing with such procedures, as well as our ability to obtain insurance to adequately protect us from any resulting liabilities;

- unexpected changes in tariffs, trade barriers and regulatory requirements;

- economic weakness and inflation;

- difficulty of effective enforcement of contractual provisions in local jurisdictions;

- compliance with tax, employment, immigration and labor laws for employees traveling abroad;

- the effects of applicable foreign tax structures and potentially adverse tax consequences;

- currency fluctuations, which could result in increased operating expenses and reduced revenue;

- workforce uncertainty and labor unrest; and

- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

In addition, in many countries outside China, the prices that we intend to charge for our vaccines may also subject to approval. Approval by the NMPA does not ensure approval by regulatory authorities in other countries or other jurisdictions. Similarly, approval by one foreign regulatory authority does not imply the approval by regulatory authorities in other foreign countries or by the NMPA. The foreign regulatory approval process may include all of the risks associated with obtaining NMPA approval. We may not obtain foreign regulatory approvals on a timely basis, if at all. We may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our vaccines in any market.

If we obtain approval to commercialize our vaccine outside of China, a variety of risks associated with international operations could materially adversely affect our business.

We intend to market certain of our vaccine candidates, if approved, in international markets. We expect that we will be subject to additional risks in commercializing our vaccine candidates outside of China, including:

- different regulatory requirements for vaccines and biologics in foreign countries;
- delays and difficulties in obtaining protection and weakened or lack of protection for our intellectual property rights, or more aggressive protection of our competitors' intellectual property rights;
- unexpected interruptions or changes with the collaboration with international partners;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including, but not limited to, inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign currency fluctuations and remittance limitations, which could result in increased operating expenses and reduced revenues, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labor unrest is more common than in China;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geopolitical actions, including war and terrorism or natural disasters including earthquakes, typhoons, floods and fires.

RISKS RELATING TO OUR DEPENDENCE ON THIRD PARTIES

We have engaged in collaboration arrangements to develop and commercialize certain vaccine candidates, and may continue to seek strategic partnerships and collaborations or enter into additional licensing arrangements in the future, which is subject to risks.

During the Track Record Period, we had entered into several in-licensing and collaboration arrangements with respect to our vaccine candidates See "Business—Collaboration and Licensing with Third Parties." We have benefited from such arrangements, and we may continue to seek strategic alliances or enter into additional collaborations. Any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing shareholders, or disrupt our management and business. In addition, we face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Collaborations and partnerships involving our vaccine candidates are subject to numerous risks, which may include the following:

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

- collaborators could independently develop, or develop with third parties, vaccines that compete directly or indirectly with our vaccine candidates;

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

- disputes may arise between us and a collaborator that cause the delay or termination of the research, development or commercialization of our vaccine candidates, or that result in costly litigation or arbitration that diverts management attention and resources;

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

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

As a result, if we enter into collaboration agreements, we may not be able to realize the benefit of such transactions if we are unable to successfully integrate them with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot assure you 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 vaccine candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our vaccine candidates or bring them to market and generate revenue, which would harm our business prospects, financial condition and results of operations.

We rely on third parties to conduct certain aspects of our clinical trials. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or comply with relevant regulatory requirements, we may not be able to obtain regulatory approval for and commercialize our vaccine candidates and our business could be substantially harmed.

As an industry norm, we have engaged and plan to continue to engage third-party CROs to monitor and manage data for our completed and ongoing preclinical and clinical programs. We rely on these parties to execute our clinical trials in certain respects, and do not control all aspects of their activities. We also engaged third-party CMOs and manufacturers to produce vaccine samples for our clinical trials. Outsourcing these functions involves the risk that third parties may not perform to our standards, may not produce results in a timely manner or may fail to perform at all. As a result, we have less control over the quality, timing and costs of these studies and the ability to recruit trial participants than if we conduct these trials wholly by ourselves. In addition, the use of third-party service providers requires us to disclose our proprietary information to these parties, which could increase the risk that this information will be misappropriated.

The staff of CROs, CMOs and manufacturers engaged by us are not our employees and we cannot control whether or not they devote sufficient time, resources and oversight to our ongoing clinical programs. If we are unable to maintain or enter into agreements with these third parties on acceptable terms, or if any such engagement is terminated, we may be unable to conduct clinical trials in the manner that we anticipate. If these third parties fail to meet expected deadlines, timely transfer to us any regulatory information, adhere to protocols or act in accordance with regulatory requirements or our agreements with them, or if they otherwise perform in a sub-standard manner or in a way that compromises the quality or accuracy of their activities or the data they obtain, the clinical trials of our vaccine candidates may be compromised, delayed, prolonged, suspended or terminated, or our data may be rejected by the NMPA or other applicable regulatory authorities.

Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards, such as GCP, GLP, GMP and human and animal testing regulations, each of which may be applicable and enforced by the NMPA or other applicable regulatory authorities for vaccine candidates in development. Regulatory authorities enforce these requirements through periodic inspections of trial sponsors, investigators and clinical trial sites, and the fact that we rely on CROs and CMOs to conduct our trials does not relieve us of our regulatory responsibilities. If we or any of our CROs and CMOs fail to comply with applicable GCP requirements, the clinical data generated in the clinical trials may be deemed unreliable and the NMPA or other applicable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that such regulatory authority will determine that any of our clinical trials comply with all of their requirements, which in turn may require us to repeat such trials, which would delay the regulatory approval process. If CROs and CMOs and manufacturers do not successfully carry out their contractual duties or obligations or meet expected deadlines, if the quality or accuracy of the clinical data CROs obtain is compromised due to their failure to adhere to our clinical protocols, the regulatory requirements or for other reasons, or if the quantity and quality of the vaccine samples provided by CMOs and manufacturers fail to meet our clinical trials demand, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our vaccine candidates. Any of the above could result in a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

If we are unsuccessful in obtaining or maintaining effective intellectual property protection for one or more of our vaccine candidates, and the scope of such intellectual property rights obtained may not be sufficiently broad.

Our success depends largely on our ability to protect our technology platforms vaccine candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. As of Latest Practicable Date, we had registered 10 inventional patents and had 28 patent applications (26 Chinese patent applications, and 2 PCT patent applications which can be entered into China upon request before June 23, 2023). For further information on our patent portfolio, see "Business—Intellectual Property."

We seek to protect the vaccine candidates and technologies that we consider commercially important by filing patent applications in China and overseas jurisdictions, relying on trade secrets or vaccine regulatory protection or employing a combination of these methods. We cannot guarantee that our competitors will not develop and seek patent protection for the same or related technologies and processes that prevent us from using such technologies and processes or producing our vaccine products. Even if we decide to seek patent protection, we cannot be certain that patents will be issued or granted with respect to our patent applications that are currently pending, or that issued or granted patents will not later be found to be invalid and/or unenforceable, be interpreted in a manner that does not adequately protect

our vaccine candidates, or otherwise provide us with any competitive advantage. Moreover, the patent applications licensed under our in-license arrangements may not be issued or granted, and as a result, we may not be able to have adequate protection with respect to such patent applications. The patent position of vaccine companies is generally uncertain because it involves complex legal and factual considerations. Patent applications we had applied or in-licensed may not be granted in the end.

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 U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions. In particular, we are aware of certain issued patents and pending patent applications in China and overseas belonging to third parties that exist in fields in which we are developing our vaccine candidates or allegedly cover the adjuvant used in our vaccine candidates, including our Core Product and ReCOV. There may also be third-party patents or patent applications of which we are currently unaware, and given the dynamic area in which we operate, additional patents are likely to be issued that relate to aspects of our business. Notwithstanding the foregoing, the timeline of commercial launch of vaccine candidates is subject to significant uncertainty, and we cannot rule out the possibility that we may receive regulatory approval and choose to launch those vaccine candidates in the relevant markets earlier than we currently expect, or the possibility that the terms of relevant third-party patents may be extended such that they may still be valid when we expect them to have expired. Furthermore, both China and U.S. have adopted the "first-to-file" system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, third parties may be granted a patent relating to a technology which we invented. Although we believe that we have conducted our patent prosecution in accordance with the duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on a vaccine candidate. Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others.

As such, we do not know the degree of future protection that we will have on our vaccines and technology, if any, and a failure to obtain adequate intellectual property protection with respect to our vaccine candidates could have a material adverse impact on our business.

Patent protection depends on compliance with various procedural, regulatory and other requirements, and our patent protection could be reduced or eliminated due to non-compliance.

Periodic maintenance fees on any issued patent are due to be paid to the CNIPA and other patent agencies in several stages over the lifetime of the patent. The CNIPA and various governmental 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, non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

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

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

Although we believe that we have conducted our patent prosecution in accordance with a duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on a vaccine candidate. Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others. Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may not be an adequate remedy. In addition, if the breadth or strength of protection provided by our patents

is threatened, it could dissuade companies from collaborating with us to license, develop, or commercialize our current or future vaccine candidates. Any loss of patent protection could have a material adverse impact on one or more of our vaccine candidates and our business.

Enforcing our intellectual property rights against third parties may also cause such third parties to file other counterclaims against us, which could be costly to defend and could require us to pay substantial damages, cease the sale of certain vaccines or enter into a license agreement and pay royalties (which may not be possible on commercially reasonable terms or at all).

Claims that our vaccine candidates or the sale or use of our future products infringe the patents or other intellectual property rights of third parties could result in costly litigation or could require substantial time and money to resolve, even if litigation is avoided.

Our commercial success depends upon our ability to develop, manufacture and commercialize our vaccine candidates without infringing the intellectual property rights of others. We cannot guarantee that our vaccine candidates do not and will not in the future infringe third-party patents or other intellectual property rights. Third parties might allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, use or manufacture the compounds we have developed or are developing. Such third parties might resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future.

It is also possible that we fail to identify, or may in the future fail to identify, relevant patents or patent applications held by third parties that cover our vaccine candidates. Publication of discoveries in the scientific or patent literature often lags behind actual discoveries. Therefore, we cannot be certain that we were the first to invent, or the first to file patent applications on, our vaccine candidates or for their uses, or that our vaccine candidates will not infringe patents that are currently issued or that are issued in the future. In the event that a third party has also filed a patent application covering one of our vaccine candidates or a similar invention, our patent application may be regarded as competing applications and may not be approved in the end. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our products or their use. In order to avoid or settle potential claims with respect to any patent or other intellectual property rights of third parties, we may choose or be required to seek a license from a third party and be required to pay license fees or royalties or both, which could be substantial. These licenses may not be available on acceptable terms, or at all. Even if we were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercializing a vaccine candidate, or be forced, by court order or otherwise, to cease some or all aspects of our business operations, if, as a result of actual or threatened patent or

other intellectual property claims, we are unable to enter into licenses on acceptable terms. Further, we could be found liable for significant monetary damages as a result of claims of intellectual property infringement.

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

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

Our programs may involve additional vaccine candidates that require the use of proprietary rights held by third parties, and we have obtained and may need to further 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.

We entered into a Shareholder Collaboration Agreement and certain Investment Cooperation Agreements in August and October 2021, respectively, to jointly research and develop certain vaccine candidates through a joint venture established together with our business partners and a wholly owned subsidiary. For details, please see "Summary—Recent Development and No Material Adverse Change." We may not be able to successfully complete preclinical and clinical development, obtain regulatory approval and commercialize such vaccine candidates as expected. We may lose the investments related to the aforementioned collaboration if such development does not progress as expected. Moreover, we may face risks relating to disputes or claims from the contracting parties, including with the local government, if we do not invest in such projects in a timely manner in accordance with the terms of the aforementioned agreements, which may adversely impact on our research and development progress, reputation, financial conditions and results of operations.

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 vaccine candidates, which could have a material adverse effect on our business, financial condition, results of operations and prospects for growth.

We may rely on our business partners in defending the intellectual properties we own or in-licensing.

We have in the past entered into, and may in the future seek and form, strategic alliances, joint ventures or other collaborations, including entering into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to vaccine candidates that we may develop.

During the Track Record Period, we entered into a number of licensing and collaboration agreements with our business partners. For further details, please see "Business—Collaboration and Licensing with Third Parties." Under these agreements, in the event of an infringement of intellectual properties, we may need to rely on our business partners to prosecute the intellectual properties. However, our collaboration partners may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability. In such event, our business and operations may be materially and adversely affected.

If we are unable to protect the confidentiality of our trade secrets and other proprietary information, including unpatented know-how, technology and other proprietary information, our business and competitive position would be harmed.

In addition to our patents, 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 vaccine candidates. We seek to protect this trade secret and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to them, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties. We enter into confidentiality agreements with our employees and consultants. However, any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. 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, consultants and advisors, including our senior management, were previously employed at other pharmaceutical or biotechnology companies, including our competitors or potential competitors. Some of these employees, consultants and advisors, including each member of our senior management, executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's former employer. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our senior management or general 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 personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our management.

In addition, historically, we did not enter into patent ownership agreements with any of full-time or part-time personnel at our Company. Although under the applicable PRC laws and regulations, invention creations completed during the service of an employee or tasks assigned by us, primarily utilizing our resources or will belong to the Company, our patents may be still subject to their challenges provided they are involved in the patent development process. Even if there are patent assignment agreements in place, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. Further, the ownership of intellectual property rights may not be self-executing, or the ownership agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property. 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 such claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel and could have a material adverse effect on our business, financial condition, results of operations and prospects.

Changes in patent laws could diminish the value of patents in general, thereby impairing our ability to protect our vaccine candidates.

Newly enacted patent laws can change the procedures through which patents may be obtained and by which the validity of patents may be challenged. These changes may impact the value of our patent rights or our other intellectual property rights. In China, intellectual property laws are constantly evolving, with efforts being made to improve intellectual property protection in China. For example, the PRC Patent Law (《中華人民共和國專利法》) was revised and released on October 17, 2020 and came into effect on June 1, 2021 (the "2021 Patent Law"). The 2021 Patent Law has introduced patent term adjustments and extensions to eligible subunit vaccine patents. The 2021 Patent Law may enable the patent owner to submit applications for a patent term adjustment or extension. The length of any such adjustment or

extension is uncertain while such adjustment or extension shall not exceed five years, and the total validity period of patent rights shall not exceed 14 years after the vaccine obtained market authorization. At present, the relevant PRC government authorities have not yet issued any formal regulations regarding the implementation of such patent term adjustments or extensions. In particular, the relevant government authorities indicated in a Q&A that according to their understanding such patent term adjustments will not apply to patents granted on or before May 31, 2021 and such patent term extensions will not apply to patents of new drug products that have already been launched on or before the same date. If we are required to delay commercialization for an extended period of time, technological advances may develop and new products may be launched, which may in turn render our products non-competitive. We cannot guarantee that any other changes to PRC intellectual property laws would not have a negative impact on our intellectual property protection.

We may not be able to adequately maintain our intellectual property rights.

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. Intellectual property laws, including patent laws, are continuing to change and evolve, and we cannot guarantee that changes to these laws in jurisdictions where we have registered or applied for patents or other types of intellectual properties would not adversely affect our intellectual property protection. Consequently, we do not know whether any of our technology or drug candidates will be protectable or remain protected by valid and enforceable patents.

On October 17, 2020, the SCNPC promulgated the Amendment to the PRC Patent Law effective from June 1, 2021, which provides that, among others, the patentee of an invention patent relating to the new drug that has been granted the marketing authorization in the PRC is entitled to request the patent administration department under the State Council to grant a patent term extension of up to five years, in order to compensate the time required for the regulatory evaluation and approval for the commercialization of such a new drug; provided that, the total remaining patent term of such a new drug approved for commercialization shall not exceed fourteen (14) years. We cannot guarantee that we would be granted an extension, in which case our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations, and prospects could be materially harmed.

Furthermore, although extensions may be available, the life of a patent, and the protection it affords, is limited. Even if we successfully obtain patent protection for an approved drug, it may face competition from generic drugs once the patent has expired. Manufacturers of generic drugs may also 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 drug exclusively, which would have a material adverse effect on any potential sales of that drug. Upon the expiration or invalidation of patents that may be issued from our pending patent applications, we will not be able to assert such patent rights against potential competitors and

our business and results of operations may be adversely affected. In any event, our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies, drug candidates or products in a non-infringing manner.

Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantage.

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. The following examples are illustrative:

- others may be able to make compounds that are similar to our vaccine candidates or utilize similar technology that are not covered by the claims of the patents that we own or have exclusively licensed;

- we or any future collaborations might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own or may in the future;

- we might not have been the first to file patent applications covering certain of our inventions;

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

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

- issued patents that we own or have exclusively licensed may not provide us with any competitive advantages, or may be held invalid or unenforceable, as a result of legal challenges by our competitors;

- we may obtain patents for certain technologies many years before we receive BLA approval for vaccines leveraging such technologies, and because patents have a limited life, which may begin to run prior to the commercial sale of the related vaccines, the commercial value of our patents may be limited;

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

- we may fail to develop additional proprietary technologies that are patentable;

- we may fail to apply for or obtain adequate intellectual property protection in all the jurisdictions in which we operate; and

- the patents of others may have an adverse effect on our business, for example by preventing us from commercializing one or more of our vaccine candidates for one or more diseases.

Any of the abovementioned events occur, we may regard these as threats to our competitive advantages and subsequently could have a material adverse effect on our business.

We may be subject to intellectual property infringement or misappropriation claims by third parties, which may force us to incur substantial legal expenses and, if determined adversely against us, could disrupt our business.

The validity, enforceability and scope of intellectual property rights protection in China are uncertain and still evolving. We cannot be certain that our vaccines and technologies do not or will not infringe patents, software copyrights, trademarks or other intellectual property rights held by third parties. From time to time, we may be subject to legal proceedings and claims alleging infringement of patents, trademarks or copyrights, or misappropriation of creative ideas or formats, or other infringement of proprietary intellectual property rights. During the Track Record Period, our Directors confirmed that there had not been any instances of infringement of third parties' intellectual property rights. Any such proceedings and claims could result in significant costs to us and divert the time and attention of our management and technical personnel from the operation of our business. These types of claims could also potentially adversely impact our reputation and our ability to conduct business and raise capital, even if we are ultimately absolved of all liability. Moreover, third parties making claims against us may be able to obtain injunctive relief against us, which could block our ability to offer one or more tests and could result in a substantial award of damages against us. Intellectual property litigation can be very expensive, and we may not have the financial means to defend ourselves or our customers or collaboration partners.

Because patent applications can take many years to issue, there may be pending applications, some of which are unknown to us, that may result in issued patents upon which our vaccines or proprietary technologies may infringe. Moreover, we may fail to identify issued patents of relevance or incorrectly conclude that an issued patent is invalid or not infringed by our technology or any of our products. A substantial amount of litigation involves patents and other intellectual property rights in our industry. If a third-party claims that we infringe upon a third-party's intellectual property rights, we may have to:

- seek to obtain licenses that may not be available on commercially reasonable terms, if at all;

- abandon any vaccines alleged or held to infringe, or redesign our products or processes to avoid potential assertion of infringement;

- pay substantial damages including, in exceptional cases, up to five folds of damages and attorneys' fees, if a court decides that the device, test or proprietary technology at issue infringes upon or violates the third-party's rights;

- pay substantial royalties or fees or grant cross-licenses to our technology; and/or

- defend litigation and/or administrative proceedings that may be costly whether we win or lose, and which could result in a substantial diversion of our financial and management resources.

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 and in other jurisdictions. Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors 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, potential trade name or trademark infringement claims could be brought by owners of other registered trademarks or trademarks that incorporate variations our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our competitive position, business, financial condition, results of operations, and prospects.

Our rights to develop and commercialize our vaccine candidates are subject, in part, to the terms and conditions of licenses granted to us by licensing partners.

We rely on licenses to certain patent rights and other intellectual property from third parties that are important or necessary to the development, manufacture or commercialization of certain vaccine candidates, and certain of these third parties from which we have been granted licenses themselves rely on licenses from other third parties. These and other licenses may not provide exclusive rights to use such intellectual property in all relevant fields of use or in all territories in which we may wish to develop or commercialize our future approved vaccines. As a result, we may not be able to prevent competitors from developing and commercializing competitive vaccine products in territories included in all of our licenses.

In addition, we may not have the right to control the preparation, filing, prosecution, maintenance, enforcement or defense of patents and patent applications covering the vaccine candidates that we license from third parties. Therefore, we cannot be certain that these patents and patent applications will be prepared, filed, prosecuted, maintained, enforced and defended in a manner consistent with the best interests of our business. If our licensing partners fail to prosecute, maintain, enforce or defend such patents, or lose rights to those patents or patent applications, the rights we have licensed may be reduced or eliminated, and our right to develop and commercialize any of our vaccines that are subject of such licensed rights could be adversely affected.

Our licensing partners may have relied on third-party consultants or collaborators or on funds from third parties, or on upstream licenses from third parties, such that our licensing partners are not the sole and exclusive owners of the intellectual property rights we in-license. This could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects. In spite of our best efforts, our licensing partners might conclude that we have materially breached our license agreements and might therefore terminate the license agreements, thereby removing our ability to develop and commercialize vaccines covered by these license agreements. If any of our licensing partners goes bankrupt, some or all of our rights under the licensing agreements may be rejected during the bankruptcy proceeding. As such, competitors would have the freedom to seek regulatory approval of, and to market, products identical to ours. In addition, we may seek to obtain additional licenses from our licensing partners in a manner that may be more favorable to the licensing partners, including by agreeing to terms that could enable third parties (potentially including our competitors) to receive licenses to a portion of the intellectual property that is subject to our existing licenses. Any of these events could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects. Our licensing partners do not own some of the patents which they have licensed to us.

Our in-licensed patents and other intellectual property may be subject to further priority disputes or to inventorship disputes and similar proceedings.

Our owned or licensed patents may be subject to interference proceedings or other priority or validity or enforceability disputes. If we or our licensing partners are unsuccessful in any interference proceedings or other priority or validity or enforceability disputes (including any patent oppositions) to which we or they are subject, we may lose valuable intellectual property rights through the loss of one or more patents owned or licensed or our owned or licensed patent claims may be narrowed, invalidated, or held unenforceable. We or our licensing partners may be subject to claims that current or former employees, collaborators or other third parties have an interest in our owned or in-licensed patents or other intellectual property in relation to our Core Product and other products in our pipeline. Such current or former employees, collaborators or other third parties may develop and commercialize products based on their interest that may potentially compete with our products once commercialized, thereby adversely affecting our competitive position, business, financial condition, results of operations and prospects. If we or our licensing partners are unsuccessful in any inventorship disputes to which we or they are subject, we may lose valuable intellectual

property rights, such as exclusive ownership of, or the exclusive right to use, our owned or in-licensed patents. If we or our licensing partners are unsuccessful in any ownership or interference proceeding or other priority or inventorship dispute, we may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may need to cease the development, manufacture, and commercialization of one or more of our vaccine candidates. The loss of exclusivity or the narrowing of our owned and licensed patent claims could limit our ability to stop others from using or commercializing similar or identical vaccine 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.

RISKS RELATING TO OUR BUSINESS OPERATION

We face competition from entities that have developed or may develop technology platforms for the disease or vaccine pathways that we may target. In particular, we face fierce competition in China's HPV 9-valent vaccine market.

There is intense and rapidly evolving competition in the biotechnology, disease prevention and vaccine fields. We compete with a variety of multinational biopharmaceutical companies and developed vaccine companies, as well as vaccine research centers at universities and other research institutions. Many of our competitors have significantly greater financial, development, manufacturing, marketing, sales and supply resources or experience than we do. We face fierce competition in China's HPV 9-valent vaccine market as currently China's HPV vaccine market is primarily dominated by Merck Sharp & Dohme ("**Merck**") and there are a number of HPV 9-valent vaccine candidates under different stage of clinical trials. Currently Merck's Gardasil and Gardasil 9 in aggregate accounted for approximately 91.0% of the total market in 2020 in terms of production value. In addition, as of the Latest Practicable Date, there were four HPV 9-valent vaccine candidates under phase III clinical trial except for our HPV 9-valent vaccine candidate, REC603, in China. Further, certain vaccine companies are conducting clinical trials for 11-valent or 14-valent vaccine candidate, which are designed to potentially induce immunity against more serotypes as compared to HPV vaccine candidates in our current portfolio. However, according to Frost & Sullivan, the 11-valent and 14-valent HPV vaccines can only cover an extra of 2.1% and 4.4% of the cervical cancer respectively, in addition to the cervical cancer protection coverage of a 9-valent HPV vaccine. We believe that while our proprietary technology platforms, the associated intellectual property, the characteristics of our existing vaccine candidates and potential future vaccine candidates, and our scientific and technical know-how together give us a competitive advantage in this space, competition from many sources remains. Our commercial opportunity and success will be reduced or eliminated, if any competing vaccine manufacturing platforms become available that are more effective or less expensive than our platforms.

Because some of our vaccines are intended to prevent diseases of major public health concerns, we are at risk of governmental actions detrimental to our business, such as pricing control, product seizure and additional regulations.

In response to a pandemic or the perceived risk of a pandemic, governments in China and other countries may take actions to protect their citizens that could affect our ability to control the manufacturing and export of pandemic vaccines or otherwise impose burdensome regulations on our business. This is more likely to happen particularly under the current threats of the global pandemic COVID-19 and we are dedicated to develop our ReCOV.

As a result of the emergency situations in many countries, there is a heightened risk that our COVID-19 vaccine, namely ReCOV, may be subject to adverse governmental actions in certain countries, including intellectual property expropriation, compulsory licenses, strict price controls or other actions. Additionally, we may need to, or we may be required by governmental or non-governmental authorities to, set aside specific quantities of doses of ReCOV for designated purposes or geographic areas. We are likely to face challenges related to the allocation of supply of our recombinant COVID-19 vaccine candidate particularly with respect to geographic distribution. Thus, even if recombinant COVID-19 vaccine candidate is approved, such governmental actions may limit our ability to recoup our current and future expenses.

Furthermore, public sentiment regarding commercialization of a COVID-19 vaccine may limit or negate our ability to generate revenue from sales of recombinant COVID-19 vaccine candidate. Given that COVID-19 has been designated as a pandemic and represents an urgent public health crisis, we are likely to face significant public attention and scrutiny over any future business models and pricing decisions with respect to recombinant COVID-19 vaccine candidate. If we are unable to successfully manage these risks, we could face significant reputational harm, which could negatively affect the price of our ordinary shares.

Our future success depends on our ability to attract, retain and motivate qualified personnel, scientific employees and other key personnel in our R&D team, manufacturing team and marketing team and to attract, retain and motivate qualified personnel.

Our business and growth depend on the continued service of our qualified personnel, scientific employees and other key personnel in our R&D team to develop vaccines. Although we have formal employment agreements with each of our employees, these agreements do not prevent them from terminating their employment with us at any time. We do not maintain key person insurance for any of our executives or other employees. The loss of the services of any of these persons could impede the achievement of our research, development and commercialization objectives.

To incentivize valuable employees to remain at our Company, in addition to salary and cash incentives, we have adopted share award schemes to recognise and reward the contribution of certain directors and employees. The value to employees of these equity grants may be significantly affected by movements in the Share price 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 at any time, with or without notice. In addition, we rely on consultants and advisors, including our medical advisory board, to assist us in formulating our clinical development. The loss of the services of our executive officers or other key employees and consultants could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy.

Furthermore, replacing executive officers, key employees or consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. 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 medical device companies for similar personnel.

We also experience competition for the hiring of R&D and clinical personnel from universities and research institutions. Our consultants and advisors may be engaged by our competitors and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

We may encounter difficulties in managing our growth and expanding our operations successfully.

Our success will depend upon our ability to expand our development, regulatory, manufacturing, marketing and sales capabilities or contract with third parties to provide these capabilities for us. As our operations expand, we expect that we will need to manage additional relationships with various strategic partners, suppliers and other third parties. Future growth will impose additional responsibilities on members of management. Our ability to commercialize our vaccine candidates and our future financial performance will depend heavy on whether we are able to manage the future growth effectively. Therefore, hiring, training and integrating additional management, administrative and sale and marketing personnel is crucial in further ensuring the effective clinical trials developments in future. We may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing our company.

If our commercial manufacturing facilities are damaged or destroyed or production at such facilities is otherwise interrupted, our business and prospects would be negatively affected.

Our new manufacturing facilities are designed and built for vaccine manufacturing in compliance with GMP requirements of China with full manufacturing capability and ready for commercial-scale production. Our new manufacturing facility will be required to obtain and maintain regulatory approvals, including being subject to ongoing, periodic inspection by the NMPA or other comparable regulatory authorities to ensure compliance with GMP regulations. Accordingly, we must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control. We cannot guarantee that we will be able to adequately follow and document our adherence to such GMP regulations or other regulatory requirements. Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain additional approvals, permits, licenses or certificates and we cannot assure you that we will be able to do so.

If our HPV and COVID-19 vaccine manufacturing facility is not approved by regulators or damaged or destroyed, or otherwise subject to disruption, it would require substantial lead-time to replace our manufacturing capabilities. In such event, we would be forced to identify and rely partially or entirely on third-party manufacturers for an indefinite period of time. Any new facility needed to replace an existing production facility would need to comply with the necessary regulatory requirements and be tailored to our production requirements and processes. We also would need regulatory approvals before using any vaccine manufactured at HPV vaccine and COVID-19 facility in clinical trials or selling any vaccine products that are ultimately approved. Any disruptions or delays at our facility or its failure to meet regulatory compliance would impair our ability to develop and commercialize our products or vaccine candidates, which would adversely affect our business and results of operations.

We face risks related to claims from clinical trial participants, medical practitioners or hospitals, which may have adverse impact on our reputation, financial condition and results of operations.

We may be subject to claims from clinical trial participants, medical practitioners and hospitals for any adverse effect or side effect caused during the clinical trials, which may occur even if clinical trial protocols were strictly followed. Any of these above could lead to disputes with participants or the medical practitioners. Any dispute or legal proceeding with participants or the medical practitioners, regardless of its merit or eventual outcome, could result in significant legal costs and reputational damage to us, and further affect our business, financial condition and results of operations.

We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product liability, environmental matters, breach of contract, employment or labor disputes and infringement of intellectual property rights. As of the Latest Practicable Date, we were not involved in any litigations and legal proceedings that may materially affect our research and development of our vaccine candidates, business and results of operations. Any claims, or legal proceedings initiated by us or brought against us, with or without merit, may result in substantial costs and diversion of resources, and could materially harm our reputation. Furthermore, claims, disputes or legal proceedings against us may be due to defective supplies sold to us by our suppliers, who may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

Disruptions in the financial markets and economic conditions could affect our ability to raise capital.

Global economies could suffer dramatic downturns as the result of a deterioration in the credit markets and related financial crisis as well as a variety of other factors, including extreme volatility in security prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining valuations of others. In the past, governments have taken unprecedented actions in an attempt to address and rectify these extreme market and economic conditions by providing liquidity and stability to the financial markets. If these actions are not successful, the return of adverse economic conditions may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms or at all.

COVID-19 had a severe and negative impact on the Chinese and the global economy in the first quarter of 2020. Whether this drive a prolonged downturn in the economy is still unknown. China's National Bureau of Statistics reported a negative GDP growth of 6.8% for the first quarter of 2020. Even before the outbreak of COVID-19, the global macroeconomic environment was facing numerous challenges. The growth rate of the Chinese economy had already been slowing since 2010. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2020. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Any severe or prolonged slowdown in the global or Chinese economy may result in disruptions in the financial markets, which may materially and adversely affect our ability to raise capital.

We are subject to the risks of doing business globally.

Because we currently operate in China and may expand our business to other countries in the future, our business is subject to risks associated with doing business globally. Accordingly, our business and financial results in the future could be adversely affected due to a variety of factors, including: changes in a specific country's or region's political and cultural climate or economic condition; unexpected changes in laws and regulatory requirements in local jurisdictions; difficulty of effective enforcement of contractual provisions in local jurisdictions; inadequate intellectual property protection in certain countries; enforcement of anti-corruption and anti-bribery laws; trade-protection measures, import or export licensing requirements and fines, penalties or suspension or revocation of export privileges; the effects of applicable local tax regimes and potentially adverse tax consequences; and significant adverse changes in local currency exchange rates.

We may be subject to natural disasters, health epidemics, civil and social disruption and other outbreaks, which could significantly disrupt our operation. In particular, the COVID-19 outbreak in PRC and worldwide has adversely affected, and may continue to adversely affect PRC's economy, which in turn may have a material adverse impact on our business, results of operations and financial condition.

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 H1N1 influenza or the Ebola virus, may materially and adversely affect our business, financial condition and results of operations. Moreover, the PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in China may materially and adversely affect its economy and our business. We cannot assure you that any future occurrence of natural disasters or 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 or those of our customers, which may materially and adversely affect our business, financial condition and results of operations.

An outbreak of a respiratory disease COVID-19 was first reported in December 2019 and continues to expand across globally. In March 2020, the WHO characterized the COVID-19 outbreak as a pandemic. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns.

The COVID-19 outbreak has caused and may continue to cause a long-term adverse impact on the economy and social conditions in China and other affected countries, which may have an indirect impact on the Chinese vaccine market, and adversely affect our business operations, including the manufacturing and supply chain, sales and marketing and clinical trial operations of us. See "Summary—Recent Developments and No Material Adverse Change—Outbreak of COVID-19."

As of the Latest Practicable Date, although the PRC government gradually controlled the spread of COVID-19 in China, we were uncertain as to when the COVID-19 pandemic would be completely contained globally. Outbreaks may occur again and may result in similar business interruptions and delays in the clinical trials in the future.

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (科學數據管理辦法), or the Scientific Data Measures, which 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 Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. If and to the extent our research and development of vaccine candidates will be subject to the Scientific Data Measures and any relevant laws as required by the relevant government authorities, we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our preclinical studies or clinical trials conducted within China) abroad. If we are unable to obtain necessary approvals in a timely manner, or at all, our research and development of vaccine candidates may be hindered, which may materially and adversely affect our business, results of operations, financial conditions and prospects. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

Our and/or others' failure to obtain or renew certain approvals, licenses, permits, registrations, 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, such as landlords or managers of premises on or local science parks in which we operate, are required to obtain and maintain various approvals, licenses, permits and certificates from relevant authorities to operate our business. Some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. Any failure to obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions 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.

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

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 of the Latest Practicable Date, we failed to register all of our lease agreements as tenant. We may be required by relevant government authorities to file the 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 per lease. For details, see "Business—Properties."

Our rights to use our leased properties could be challenged by property owners or other third parties, which may disrupt our operations and incur relocation costs.

As of the Latest Practicable Date, a lessor of our leased property in China failed to provide us with valid property ownership certificates or authorizations from the property owners for the lessors to sublease the properties. For details, see "Business—Properties." If such lessors do not have the relevant property ownership certificates or the right to lease or sublease such properties to us, the relevant rightful title holders or other third parties may challenge our use of such leased properties, and we may be forced to vacate these properties and be required to seek alternative properties for lease or choose to terminate the lease earlier while bearing the penalty (if any) of early termination under the lease.

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 that are required under PRC laws and administrative regulations as well as based on our assessment of our operational needs and industry practice. In line with industry practice in the PRC, we have elected not to maintain certain types of insurances, such as business interruption insurance or key man liability insurance. However, we cannot assure you that our insurance coverage is sufficient to cover all of our risk exposure and prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or if the compensated amount is significantly less than our actual

loss, our business, financial condition and results of operations could be materially and adversely affected. 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. See "Business—Insurance" for details of our insurance policies.

Counterfeits of our products and illegal vaccines could negatively affect our sales and our reputation and expose us to liability claims.

Certain vaccines distributed or sold may be manufactured without proper licenses or approvals, or are fraudulently mislabeled with respect to their content or manufacturers. These products are generally referred to as counterfeit vaccine products. The counterfeit vaccine product control and enforcement system, particularly in developing markets such as the PRC, may be inadequate to discourage or eliminate the manufacturing and sale of counterfeit vaccine products imitating our products. Since counterfeit vaccine products in many cases have very similar appearances compared with the authentic vaccine products but are generally sold at lower prices, counterfeits of our products can quickly erode our sales volume of the relevant products. Moreover, counterfeit products may or may not have the same chemical composition as our products do, which may make them less effective than our products, entirely ineffective or more likely to cause severe adverse side effects. This could expose us to negative publicity, reputational damage, fines and other administrative penalties, and may even result in litigation against us. The existence and prevalence of counterfeit vaccine products, products of inferior quality and other unqualified products in recent years from time to time may reinforce the negative image in general of all vaccine products manufactured in China among consumers, and may harm the reputation of companies like us.

In addition, there may be vaccine illegally imported into the PRC market, often at a lower price. These vaccines may compete against and lower demand for vaccines legally manufactured and sold in China. As a result of these factors, the continued proliferation of counterfeit vaccine products and illegal vaccines in the market could affect our sales and reputation and expose us to liability claims.

The vaccine industry in the PRC is still under development, and any material unwanted events connected with vaccination safety and efficacy may erode public confidence in vaccine products and have an adverse effect on our business and financial conditions.

China's vaccine market is a developing market and expect to be driven by, among others, increasing availability of innovation vaccines and fast-growing needs of preventative vaccines in response to pandemic, such as COVID-19. China continues to demand more safe and high-quality vaccines that can provide effective protection on vaccinated population. Any material AEs reflecting vaccination safety and efficacy issues, such as serious vaccine quality issues, recalls or temporary suspension, failure in supply chain management or cold chain logistics, counterfeit or other inferior products, may possibly diminish the public confidence in vaccine products and subsequently have a negative impact on vaccine developers, manufacturers and disease control authorities. For example, in 2016, vaccine sales accidents were reported in Shandong province due to failure to comply with cold chain regulations and

distribution policies, which adversely impacted public confidence in immunizations and slowed the market growth pace that year. In July 2018, a vaccine manufacturer in Jilin province was reported to use expired materials and falsified inspection records and production dates for rabies vaccinations, and produced ineffective DTP vaccines. More recently in January 2019, approximately 150 infants were injected with expired vaccine in Huai'an, Jiangsu province, which caused severe side effects due to the negligence of the managers from local Disease Control Center. Moreover, defects in packaging of a COVID-19 vaccine have been reported recently in Hong Kong. These reports have eroded public confidence in domestic vaccines and the reputation of domestic vaccine manufacturers.

If we fail to comply with environmental, health and safety laws and regulations, we could be subject to fines or penalties 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. Our operations may also produce hazardous waste products. 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 or disposal of hazardous materials by third parties or us, 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.

We may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or manufacturing efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Although we maintain injury insurance for all employees as required by applicable laws and regulations to cover costs and expenses incurred due to work-related injuries to our employees, and we purchase accident insurance for employees exposed to higher risks to injuries, such insurances 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 or disposal of hazardous or radioactive materials. See "Business—Insurance" and "Business—Social, Health, Work Safety and Environmental Matters" for details.

We may be subject to certain risks in relation to environmental, social and climate-related issues.

The research, development and manufacturing of vaccines is a complex process, which may have an adverse impact on environmental, social and climate-related issues. For example, we may have to emit waste gases and waste water during our daily operations and our operations involve the use of hazardous and flammable chemical materials. Although we have

adopted a series of internal procedures and policies on how to deal with such risks and issues, we cannot guarantee that our internal procedures and policies will be effective with respect to all the issues that may occur during our operations. In such event, we may be subject to administrative investigation, fines or penalties and our reputation will be adversely impacted. As such, such incidences may have a material and adverse impact on our business and results of operations.

Our employees, independent contractors, consultants, commercial partners and vendors may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements.

We are exposed to the risk of fraud, misconduct or other illegal activities by our employees, independent contractors, consultants, commercial partners and vendors. Misconduct by these parties could include intentional, reckless and negligent conduct that fails to:

- comply with the laws of the NMPA, the WHO and other comparable regulatory authorities;
- provide true, complete and accurate information to the NMPA, the WHO and other comparable regulatory authorities;
- comply with manufacturing standards we may establish;
- comply with healthcare fraud and abuse laws in the PRC, the United States, the EU, and similar fraudulent misconduct laws in other applicable jurisdictions; or
- report financial information or data accurately or disclose unauthorized activities to us.

If we obtain approval of any of our vaccine candidates and begin commercializing those products in the PRC or other applicable jurisdictions, our potential exposure under the laws of such jurisdictions will increase significantly and our costs associated with compliance with such laws are also likely to increase. These laws may impact, among other things, our current activities with PIs and research participants, as well as future sales, marketing and education programs. In particular, the promotion, sales and marketing of healthcare items and services, as well as certain business arrangements in the healthcare industry, are subject to extensive laws designed to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, structuring and commission(s), certain customer incentive programs and other business arrangements generally. Activities subject to these laws also involve the improper use of information obtained in the course of participant recruitment for clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation.

The existence of legal, regulatory and administrative proceedings against any of our employees, independent contractors, consultants, commercial partners and vendors, even if they do not involve our company, may harm our reputation, and adversely affect our business and operations. In addition, it is not always possible to identify and deter misconduct by employees and other parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or 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 significant fines or other sanctions.

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

Our strategies includes plans to grow both organically and through participation in joint ventures or other strategic alliance. Joint ventures and strategic alliances may expose us to new operational, regulatory and market risks, as well as risks associated with addition capital requirements. We face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our vaccine 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 vaccine candidates as having the requisite potential to demonstrate safety and efficacy. Even when acquisitions are completed, we may encounter difficulties in integrating the acquired entitled and businesses, such as difficulties in retention of clients and personnel, challenge of integration and effective deployment of operations or technologies and assumption of unforeseen or hidden material liabilities or regulatory non-compliance issues. As a result, we may not achieve the operational or economic synergies expected from such acquisitions. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties, many of which are beyond our control. Any of these events could disrupt our business plans and strategies, which in turn could have a material adverse effect on our financial condition and results of operations. If and when we collaborate with a third party for the development and commercialization of a vaccine candidate, we can expect to relinquish some or all of the control over the future success of that vaccine candidate to the third party.

Any potential acquisition or strategic partnership 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 product programs and initiatives in pursuing such a strategic partnership or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the assimilation of operations, corporate culture and personnel of the acquired business;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and its existing products or vaccine candidates and regulatory approvals;
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs; and
- changes in accounting principles relating to recognition and measurement of our investments that may have a significant impact on our financial results.

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 vaccine 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.

Additionally, our future acquisition targets may not provide us with the intellectual property rights, technology, research and development capability, production capacity or sales and marketing infrastructure we had anticipated, or they may be subject to unforeseen liabilities. We may be unable to successfully increase the efficiencies of the acquired businesses in the manner we contemplated or devote more resources and management attention

than desirable to the integration and management of the acquired businesses. Hence, there can be no guarantee that we will be able to enhance our post-acquisition performance or grow our business through our recent or future acquisitions.

Any failure to comply with applicable laws and regulations and industry standards or obtain various licenses and permits or any change to the applicable laws and regulations could harm our reputation and business, results of operations and prospects.

A number of governmental agencies or industry regulatory bodies in China impose strict rules, regulations and industry standards governing vaccine and biotechnology research and development activities, which apply to us. In addition, we are also subject to laws and regulations with respect to our overall operations. We may be unable to comply with such laws and regulations as they continue to change and evolve, or due to differences in national, provincial or local laws and regulations, or their implementation or enforcement. See "Regulatory Overview" for a discussion of the regulatory requirements that are applicable to our current and planned business activities in China. Our failure to comply with such regulations could result in the termination of ongoing research, administrative penalties imposed by regulatory bodies or the disqualification of data for submission to regulatory authorities. These could harm our reputation, prospects for future work and operating results.

Our reputation is important to our business success. Negative publicity may adversely affect our reputation and business prospect.

Our ability to maintain our reputation depends on a number of factors, some of which are out of our control. We may face negative publicity, claims, disputes and allegations, which may have a material and adverse impact on our reputation, even if untrue or inaccurate. Moreover, any negative publicity, claims, disputes and allegations involving, any conduct of, and any matters affecting the reputation of, other parties, including our Directors, Shareholders, senior management, employees and entities that share the "RecBio" name, could have a material and adverse impact on our business and reputation. We may be required to spend significant time and incur substantial costs to respond and protect our reputation, and we cannot assure you that we will be able to do so within a reasonable period of time, or at all, in which case our business, results of operations, financial condition and prospects may be materially and adversely affected.

Our internal computer systems, or those used by our partners or other contractors or consultants, may fail or suffer security breaches or other disruptions, which could adversely affect our business and reputation.

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

We could be subject to risks caused by misappropriation, misuse, leakage, falsification, or intentional or accidental release or loss of information maintained in the information systems and networks of us and our vendors, including personal information of our employees and participants, and company and vendor confidential data. In addition, outside parties may attempt to penetrate our systems or those of our vendors or fraudulently induce our personnel or the personnel of our vendors to disclose sensitive information in order to gain access to our data and/or systems. Like other companies, we have on occasion experienced, and will continue to experience, threats to our data and systems, including malicious codes and viruses, phishing, and other cyberattacks. The number and complexity of these threats continue to increase over time. If a material breach of our information technology systems or those of our vendors occurs, the market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks. In addition, we could be subject to regulatory actions and/or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes are costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely. As we outsource more of our information systems to vendors, engage in more electronic transactions with payers and participants, and rely more on cloud-based information systems, the related security risks will increase and we will need to expend additional resources to protect our technology and information systems.

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 liability and the further development and commercialization of our vaccine candidates could be delayed.

If we fail to implement our business strategies effectively, our business, financial condition and results of operations may suffer.

Our ability to continue to grow our business will depend on our continuing ability to successfully implement our business strategies. For further details, see the section headed "Business—Business Strategies" in this prospectus. However, our development and expansion plans on reply on our clinical development and market prospects. We cannot assure you that our assessment will prove to be correct or that we can grow our business as planned. Our ability to implement our business strategies depends on, among other things, the general economic conditions in the PRC, our ability to continue to maintain close relationships with our key customers, the increasing spending by the PRC government on public works projects, the current growth prospects for private development projects, the availability of management, financial, technical, operational and other resources, and competition. The implementation of these strategies is therefore subject to factors beyond our control, we cannot assure you that our future growth will be at a rate comparable to that in the past, or at all. Consequently, if we fail to effectively implement our business strategies, our business, financial position and results of operations may be materially and adversely affected.

If we fail to maintain or implement an effective internal control system, we may not be able to manage our business effectively and may experience errors or information lapses affecting our business.

If we fail to maintain or implement an effective internal control system over financial reporting, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could, in turn, limit our access to capital markets, harm our results of operations and lead to a decline in the trading price of our Shares. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential penalties, regulatory investigations and civil or criminal sanctions.

RISKS RELATING TO DOING BUSINESS IN CHINA

China's economic, political and social conditions, government policies may continue to affect our business.

A substantial amount of our businesses, assets, operations and revenues are located in or derived from our operations in China and, as a result, our business, financial condition and results of operations are affected to a large extent by economic, political and legal developments in China. The PRC economy differs from the economies of developed countries in many respects, including the extent of government involvement, investment control, level of economic development, growth rate, control of foreign exchange and allocation of resources. It is still an on-going process for China to transit into a market oriented economy by implementing several economic and social reform measure since the 1970s. Although the PRC government has also implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, A substantial portion of productive assets in China, however, is still owned by the PRC government. Some of these measures benefit the overall PRC economy, but may materially and adversely affect us.

The legal protections available to you under the PRC legal system may be limited.

We are incorporated under the laws of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be adduced for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with such economic matters as the issuance and trading of securities, shareholders' rights, foreign investment, corporate organization and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as these laws and regulations are relatively new, the effect of these laws and regulations on the rights and obligations of the parties involved may involve uncertainty. As a result, the legal protections available to you under the PRC legal system may be limited.

Our operations in the PRC are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. The PRC Company Law and regulations, in general, and the provisions for the protection of Shareholders' rights and access to information, in particular, may be considered less developed than those applicable to companies incorporated in Hong Kong, the United States and other developed countries or regions. In addition, PRC laws, rules and regulations applicable to companies listed overseas do not distinguish between minority and controlling shareholders in terms of their rights and protections. As such, our minority shareholders may not have the same protections afforded to them by companies incorporated under the laws of certain other jurisdictions.

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

During the Track Record Period, we procured certain of our raw materials overseas. In addition, we have engaged certain third parties for clinical trials and commercial collaboration in foreign countries and regions. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. Tensions and political concerns between China and the relevant foreign countries or regions may adversely affect our business, financial condition, results of operations, cash flows and prospects. China's political relationships with those foreign countries and regions may affect the prospects of our relationship with third parties, such as customers, suppliers, and global partners.

There can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions. Any tensions and political concerns between China and the relevant foreign countries or regions may cause a decline in the demand for our services and adversely affect our business, financial condition, results of operations, cash flows and prospects. Furthermore, in the event that China and/or the U.S. impose import tariffs, trade restrictions or other trade barriers affecting the importation of raw materials, we may not be able to obtain a steady supply of necessary components or raw materials, at competitive prices, and our business and operations may be materially and adversely affected.

We are subject to PRC governmental controls on currency conversion, and the fluctuation of the Renminbi exchange rate may materially and adversely affect our business and our ability to pay dividends to holders of H shares.

We expect that a substantial majority of our revenue will be denominated in Renminbi, which is currently not a fully freely convertible currency. A portion of our revenues may be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares.

Under China's existing laws and regulations on foreign exchange, following the completion of the Global Offering, we will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from SAFE. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. As a result, we may not be able to pay dividends in foreign currencies to holders of our H Shares.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates from time to time and is affected by a number of factors, such as changes in China's and international political and economic conditions and the fiscal and foreign exchange policies prescribed by the PRC government. From 1994 until July 2005, the conversion of the Renminbi into foreign currencies in the PRC, including the Hong Kong dollar and U.S. dollar, had been based on fixed rates set by the PBOC. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar where the Renminbi is permitted to fluctuate in a regulated band that is based on reference to a basket of currencies determined by the PBOC. On June 19, 2010, the PBOC announced that it intends to further reform the Renminbi exchange rate regime by enhancing the flexibility of the Renminbi exchange rate. Following this announcement, the Renminbi had appreciated from approximately RMB6.83 per U.S. dollar to RMB6.12 per U.S. dollar as of June 15, 2015. On August 11, 2015, PBOC further enlarged the floating band for trading prices in the interbank spot exchange market of Renminbi against the U.S. dollar to 2.0% around the closing price in the previous trading session, and the Renminbi depreciated against the U.S. dollar by approximately 1.9% as compared to August 10, 2015, and further depreciated nearly 1.6% on the next day. On November 30, 2015, the Executive Board of the International Monetary Fund completed the regular five-year review of the basket of currencies that make up the special drawing rights and decided that with effect from October 1, 2016, the Renminbi is determined to be a freely useable currency and will be included in the special drawing rights basket as a fifth currency. With the development of foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further reforms to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or the U.S. dollar in the future.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

Holders of H Shares may be subject to PRC taxations.

Under the applicable PRC tax laws, both the dividends we pay to non-PRC resident individual holders of H shares ("non-resident individual holders"), and gains realized through the sale or transfer by other means of H shares by such shareholders, are subject to PRC individual income tax at a rate of 20%, unless reduced by the applicable tax treaties or arrangements.

Under applicable PRC tax laws, the dividends we pay to, and gains realised through the sale or transfer by other means of H shares by, non-PRC resident enterprise holders of H shares ("non-resident enterprise holders") are both subject to PRC enterprise income tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements. Pursuant to the Arrangements between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) dated August 21, 2006, any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay Enterprise Income Tax for the dividends.

Pursuant to the Circular on Questions Concerning Tax on the Profits Earned by Foreign Invested Enterprises, Foreign Enterprises and Individual Foreigners from the Transfer of Shares (Equity Interests) and on Dividend Income (《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》) issued by the State Administration of Taxation, non-resident individual holders were temporarily exempted from PRC individual income tax for the dividends or bonuses paid by issuers of H shares. However, such circular was repealed by the Announcement on the List of Fully or Partially Invalid and Repealed Tax Regulatory Documents (《關於公布全文失效廢止、部分條款失效廢止的稅收規範性文件目錄的公告》) dated January 4, 2011.

For non-resident individual holders, gains realized through the transfer of properties are normally subject to PRC individual income tax at a rate of 20%. However, according to the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Individual Income Tax Policies (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》), income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the SAT (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) effective as of March 30, 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the Ministry of Finance and the State Administration of Taxation should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the Ministry of Finance and the State Taxation Administration.

Considering these uncertainties, non-resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers of the H Shares. For details, please refer to Appendix III to this prospectus.

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

We are a company incorporated under the laws of the PRC with limited liability, and a substantial amount of our assets are located in the PRC. In addition, a majority of our Directors, Supervisors and all of our senior management personnel reside within the PRC, and substantially all their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon us or most of our Directors, Supervisors and senior management personnel. Furthermore, the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be difficult or impossible.

On July 14, 2006, the Supreme People's Court of the PRC 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 Courts of the Mainland and the Hong Kong Special Administration 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 "2006 Arrangement"). Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. It is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. In addition, the 2006 Arrangement has expressly provided for "enforceable final judgement," "specific legal relationship" and "written form." A final judgement that does not comply with the 2006 Arrangement may not be recognized and enforced in a PRC court.

On January 18, 2019, the Supreme People's Court of the PRC 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 "2019 Arrangement"). Under the 2019 Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the 2019 Arrangement. Although the 2019 Arrangement has been signed, it remains unclear when it will come into effect and the outcome and effectiveness of any action brought under the 2019 Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the 2019 Arrangement can be recognized and enforced in a PRC court.

The Chinese tax authorities have strengthened their scrutiny over transfers of equity interests in a PRC resident enterprise by a non-resident enterprise, which may negatively affect our business and our ability to conduct mergers, acquisitions or other investments.

On February 3, 2015, SAT issued the Announcement on Several Issues concerning Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) ("Circular 7"). Circular 7 provides comprehensive guidelines relating to, and heightens the PRC tax authorities' scrutiny on, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (the "**PRC Taxable Assets**"). For example, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain PRC Taxable Assets and if the transfer is considered by the PRC tax authorities to have no reasonable commercial purpose than to evade enterprise income tax, Circular 7 allows the PRC tax authorities to reclassify this indirect transfer of PRC Taxable Assets into a direct transfer and impose on the non-resident enterprise a 10% rate of PRC enterprise income tax. Circular 7 exempts this tax, for example, (i) where a non-resident enterprise derives income from an indirect transfer of the PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company in the public market, and (ii) where a non-resident enterprise transfers the PRC Taxable Assets that it directly holds and an applicable tax treaty or arrangement exempts this transfer from PRC enterprise income tax. It remains unclear whether any exemptions under Circular 7 will be applicable to any future mergers, acquisitions or other investments that we may make outside the PRC involving PRC Taxable Assets or to transfers of our Shares by our Shareholders. If the PRC tax authorities impose PRC enterprise income tax on these activities, our ability to expand our business or seek financing through these transactions and the value of your investment in our Shares may be materially and adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market for our H Shares may not develop, especially taking into account that all of our existing shareholders will be subject to a 12-month lock-up pursuant to the applicable PRC laws and the Cornerstone Investors will be subject to a six-months lock-up.

Prior to the Global Offering, there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity will develop and be sustained following the completion of Global Offering. In addition, the Offer Price of our H Shares may not be indicative of the market price of our H Shares following the completion of the Global Offering. If an active public market for our H Shares does not develop following the completion of the Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected.

In particular, pursuant to the applicable PRC laws, all the existing Shareholders cannot dispose of any Shares within the 12 months following the Listing Date. Further, the Offer Shares to be purchased by the Cornerstone Investors will also be subject to a lock-up period

of six months from the Listing Date. Therefore, upon completion of the Global Offering and assuming the Over-allotment Option is not exercised and an Offer Price of HK$24.80 per H Share, approximately 97.05% of our Shares will be subject to lock-up. As a result, a listing on the Hong Kong Stock Exchange does not guarantee that an active and liquid trading market for our Shares will develop, especially during the period when a significant portion of our Shares are subject to lock-up, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will rise following the Global Offering.

The market price and trading volume of our H Shares may be volatile, which could result in substantial losses for investors who purchase our H Shares in the Global Offering. In addition, the market price of our Shares will be affected following announcements and data releases regarding vaccine related to us.

The market price and trading volume of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our revenue, earnings and cash flow, strategic alliances or acquisitions, the addition or departure of key personnel, litigation, the removal of the restrictions on H share transactions or volatility in market prices and changes in the demand for our vaccines after approval, could cause large and sudden changes to the market price and trading volume at which our H Shares will trade. In addition, we cannot predict public reaction or the impact on the market price of our H Shares once further announcements regarding developments from our on-going clinical trial are announced. For example, given the attention being paid to the COVID-19 pandemic and the public scrutiny of COVID-19 development announcements and data releases to date, the market price of our H Shares will be affected following announcements and data releases regarding vaccines related to us, as a result, the price of our H Shares may be particularly volatile during this time. Furthermore, the Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. This volatility may also materially and adversely affect the market price of our H Shares.

Any possible conversion of Domestic Shares and Unlisted Foreign Shares into H Shares could increase the supply of H Shares in the market, which will negatively impact the market price of H Shares.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares and Unlisted Foreign Shares may be converted into H Shares and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders' approval by class) have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, have been obtained. In addition, such conversion, trading and listing must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the listing of all or any portion of our Domestic Shares and Unlisted Foreign Shares on the Hong Kong Stock Exchange as H Shares in advance of any

proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of shares for entry on the H Share register. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the trading price of H Shares.

Since there will be a gap of several days between pricing and trading of our H Shares, holders of our H Shares are subject to the risk that the price of our H Shares could fall during the period before trading of our H Shares begins.

The Offer Price of our H Shares is determined at HK$24.80. However, our H Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several business days after the pricing date. As a result, investors may not be able to sell or deal in our H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

A future significant increase or perceived significant increase in the supply of our H Shares in public markets could cause the market price of our H Shares to decrease significantly, and/or dilute shareholdings of holders of H Shares.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Payment of dividends is subject to restrictions under the PRC law and there is no assurance whether and when we will pay dividends.

No dividend has been paid or declared by the Company during the Track Record Period. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

Certain statistics contained in this prospectus are derived from official government sources and they may not be reliable.

Certain statistics contained in this prospectus relating to China, the PRC economy and the industry in which we operate have been derived from various official government sources. We have taken reasonable care in the reproduction or extraction of such information for the purpose of disclosure in this prospectus, however, we cannot guarantee the quality or reliability of such information based on official government sources. They have not been prepared or independently verified by us, the Underwriters or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such information, which are based on official government sources, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between information from official government source and market practice, such statistics in this prospectus may be inaccurate or may not be comparable to statistics produced from other sources. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such information from official government source.

Investors should read the entire prospectus carefully and should not consider any particular statements in this prospectus or in published media reports without carefully considering the risks and other information contained in this prospectus.

Prior to the publication of this prospectus, there has been coverage in the media regarding us and the Global Offering, which contained 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 any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this prospectus. 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.

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

MANAGEMENT PRESENCE IN HONG KONG

According to Rules 8.12 and 19A.15 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since our headquarters and all of our business operations are principally located, managed and conducted in the PRC, our Company does not, and for the foreseeable future, will not, have executive Directors who are ordinarily resident in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted our Company a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. Our Company has made the following arrangements to maintain effective communication between the Stock Exchange and us:

(i) both of our Company's authorized representatives, Dr. Liu, chairman of the Board, executive Director, general manager of our Company and Mr. LI Bu (李布), an executive Director and vice general manager of our Company, will act as our Company's principal channel of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and email;

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

(iii) each Director has provided his mobile phone number, office phone number, e-mail address and fax numbers to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, he will provide the phone number of the place of his accommodation to the authorized representatives;

(iv) each of the Directors who is not ordinarily residing in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and can meet with the relevant members of the Stock Exchange within a reasonable period of time;

(v) our Company has, in compliance with Rule 3A.19 of the Listing Rules, appointed Soochow Securities International Capital Limited as our compliance advisor (the "**Compliance Advisor**"), who will also act as an additional channel of communication with the Stock Exchange for the period commencing from the Listing Date to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. Pursuant to Rule 19A.05(2) of the Listing Rules, we shall ensure that the Compliance Advisor will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that such persons will promptly provide such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A and Rule 19A.06 of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, and other officers and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between us and the Stock Exchange;

(vi) any meeting between the Stock Exchange and the Directors will be arranged through the authorized representatives or the Compliance Advisor or directly with the Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and our Compliance Advisor; and

(vii) we will also retain legal advisors to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after the Listing.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our Company must appoint a company secretary who possesses the necessary academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a Member of The Hong Kong Chartered Governance Institute;

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

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

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

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

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

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

(d) professional qualifications in other jurisdictions.

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

We have appointed Ms. CHEN Qingqing (陳青青) ("**Ms. Chen**") as one of our joint company secretaries. However, given Ms. Chen does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, she is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. In order to provide support to Ms. Chen, we have appointed Ms. LAU Jeanie (劉准羽) ("**Ms. Lau**"), an associate member of both The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in England and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries), who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance to Ms. Chen, for a three-year period from the Listing Date so as to enable her to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge her duties.

We have therefore applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the conditions that: (i) Ms. Lau is appointed as a joint company secretary to assist Ms. Chen in discharging her functions as a company secretary and in gaining the relevant qualifications or experience as required under Rule 3.28 of the Listing Rules; the waiver will be revoked immediately if Ms. Lau, during the three-year waiver period, ceases to provide assistance to Ms. Chen as the joint company secretary; and (ii) the waiver can be revoked if

there are material breaches of the Listing Rules by the Company. We expect that Ms. Chen will acquire the qualifications or relevant experience required under Rule 3.28 of the Listing Rules prior to the end of the three-year period after the Listing. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Ms. Chen, having had the benefit of Ms. Lau's assistance for three years and has acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See "Directors, Supervisors and Senior Management" of this prospectus for further information regarding the qualifications and experience of Ms. Chen and Ms. Lau.

WAIVER FROM STRICT COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH SECTION 342(1) OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE AND PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

According to section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the prospectus shall include an accountants' report which contains the matters specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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

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

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

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

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

Rule 13.49(1) of the Listing Rules requires issuers to publish preliminary financial results not later than three months after the end of each financial year.

Paragraph 4.4(ii) of the Guidance Letter HKEX-GL25-11 issued by the Stock Exchange provides that where an applicant issues its listing document in the third month after the latest year end, a Rule 4.04(1) waiver would be subject to the following conditions: (i) the listing document must include the financial information for the latest financial year and a commentary on the results for the year. The financial information to be included in the listing document must (a) follow the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules; and (b) be agreed with the reporting accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants; (ii) the applicant must list on the Stock Exchange within three months after the latest year end; and (iii) the applicant must obtain a certificate of exemption from the SFC on compliance with the requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

An application has been made to the Stock Exchange for a waiver from strict compliance with requirements under Rule 4.04(1) of the Listing Rules not to include in this prospectus the audited financial results of our Company in respect of the financial year immediately preceding the issue of this prospectus, and such waiver has been granted by the Stock Exchange subject to the following conditions:

(a) the Prospectus must be issued on or before March 21, 2022 and the H shares of the Company will be listed on the Stock Exchange by March 31, 2022 (i.e. within 3 months after the latest financial year end);

(b) the Prospectus includes the unaudited preliminary financial information for the year ended December 31, 2021 and a commentary on the results for the year, and the financial information (i) follows the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules; and (ii) is agreed with the Reporting Accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants;

(c) the Company obtains a certificate of exemption from the SFC on strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

(d) the Company will not in breach of its Articles of Association or laws and regulations of the PRC or other regulatory requirements as a result of not publishing its preliminary results announcements for the year ended December 31, 2021.

Accordingly, we applied to the SFC for, and the SFC has granted, a certificate of exemption from strict compliance with the requirements under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance subject to the following conditions:

(a) the particulars of the exemption are set out in the Prospectus;

(b) the Prospectus must be issued on or before March 21, 2022; and

(c) the H shares of the Company will be listed on the Stock Exchange on or before March 31, 2022 (i.e. within 3 months after the latest financial year end).

The applications to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance were made on the grounds, among others, that strict compliance with the above requirements would be unduly burdensome and the exemption would not prejudice the interests of the investing public given the followings:

(a) there would not be sufficient time for the Company and the Reporting Accountants to finalize the audited financial statements for the year ended December 31, 2021 and include them in the Prospectus. If the financial information for the year ended December 31, 2021 is required to be audited, the Company and the Reporting Accountants would have to carry out substantial work to prepare, update and finalize the Accountants' Report and the Prospectus, and the relevant sections of the Prospectus will need to be updated to cover such additional period within a short period of time;

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

(c) the Company has included in the Prospectus (i) the Accountants' Report covering each of the two financial years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021 as set out in Appendix I to this prospectus in accordance with Rule 18A.06 of the Listing Rules, (ii) the unaudited preliminary financial information for the year ended December 31, 2021 and a commentary on the results for the year in Appendix III to this prospectus, which is prepared in compliance with the content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules, and has been agreed with the Reporting Accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants;

(d) notwithstanding that the financial results set out in this prospectus are only for the two years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this Prospectus pursuant to the relevant requirements;

(e) further, as Chapter 18A of the Listing Rules provides track record period for biotech companies in terms of financial disclosure is two years, strict compliance with the requirements of section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for the Company;

(f) the Directors are of the view that, up to the date of the Prospectus, there has been no material adverse change to the financial and trading positions or prospects since September 30, 2021 (being the date of the latest audited statement of financial position in the Accountants' Report set out in Appendix I to the Prospectus) to the date of the Prospectus; and there has been no event since September 30, 2021 and up to the date of this prospectus which would materially affect the information shown in the Accountants' Report as set out in Appendix I to the Prospectus, the unaudited pro forma financial information as set out in Appendix II to the Prospectus, the unaudited preliminary financial information for the year ended December 31, 2021 as set out in Appendix III to the Prospectus and the section headed "Financial Information" in the Prospectus and other parts of the Prospectus. Based on the due diligence work performed by the Joint Sponsors so far, nothing has come to the attention of the Joint Sponsors for them to cast doubt on the views of the Directors expressed above;

(g) the Company shall publish its annual report for the year ended December 31, 2021 within the time prescribed under Rule 13.46(2) of the Listing Rules; and

(h) our Company is of the view that the Accountants' Report covering the two years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, as set out in Appendix I to the Prospectus, the unaudited pro forma financial information as set out in Appendix II to the Prospectus, unaudited preliminary financial information for the year ended December 31, 2021 as set out in Appendix III to the Prospectus, together with other disclosure in this prospectus, has already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of our Company; and our Directors confirm that all information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in this prospectus. Therefore, the exemption would not prejudice the interests of the investing public.

Given the Company has included the unaudited preliminary financial information for the year ended December 31, 2021 and a commentary on the results for the year in Appendix III to this Prospectus, which is prepared in compliance with the content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules, and has been agreed with the Reporting Accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants, the Company will not, for the purpose of Rule 13.49(1) of the Listing Rules to prepare and send a preliminary results announcement to its shareholders for the year ended December 31, 2021, which will not be in breach of the Articles of Association, laws and regulations of PRC or other regulatory requirements. In addition, the Company will issue an announcement by March 31, 2022 stating that we will not publish the preliminary results announcement for the year ended December 31, 2021 as the relevant financial information has been included in this Prospectus pursuant to Rule 13.49(1) and Rule 13.49(3)(i) of the Listing Rules.

WAIVER IN RESPECT OF THE PUBLIC FLOAT REQUIREMENT

Rule 8.08(1)(a) of the Listing Rules requires that there must be an open market for the securities in which listing is sought and the minimum public float of a listed issuer must at all times be at least 25% of the issuer's total issued share capital. However, Rule 8.08(1)(d) of the Listing Rules provides that the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if a new applicant meets the following requirements under Rule 8.08(1)(d) of the Listing Rules:

(a) the issuer shall have an expected market capitalization at the time of listing of over HK$10 billion;

(b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;

(c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document;

(d) the issuer will confirm the sufficiency of the public float in annual reports after listing; and

(e) a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

It is currently expected that our Company will have a market capitalisation of approximately HK$11.88 billion at the time of the Listing (after completion of the Global Offering but without taking into account the exercise of the Over-Allotment Option). Our Company has applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.08(1)(a) of the Listing Rules. Therefore, the public float of our Company may fall below 25% of the total issued share capital of our Company.

In support of the application, the Company confirmed to the Stock Exchange that:

(a) the minimum public float will be the higher of: (1) 18.74% of the total issued share capital of the Company; or (2) such percentage of H Shares to be held by the public immediately after the completion of the Global Offering and the exercise of the Over-allotment Option (if any);

(b) the Company will have an expected market capitalisation at the time of Listing of approximately HK$11.88 billion, which is expected to be over HK$10 billion;

(c) the Company will make appropriate disclosure of the lower percentage of public float in this prospectus;

(d) the Company will confirm sufficiency of public float in the Company's annual reports after the Listing;

(e) the Company will as soon as practicable announce the percentage of H Shares held by the public immediately after completion of the Global Offering (but before the exercise of the Over-allotment Option), such that the public will be informed of the minimum public float requirement applicable to the Company;

(f) the Company will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Stock Exchange;

(g) the Company will continue to comply with Rules 8.08(2) and 8.08(3) of the Listing Rules;

(h) the Company will comply with Rule 8.08 of the Listing Rules to ensure that there is an open market for the Company's H Shares; and

(i) the Company will comply with Rule 18A.07 of the Listing Rules that a portion of the total number of the Company's issued shares with a market capitalization of at least HK$375 million will be held by the public at the time of Listing.

CORNERSTONE SUBSCRIPTION BY EXISTING SHAREHOLDER AND ITS CLOSE ASSOCIATE

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the applicant 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.

Guidance Letter HKEX-GL-92-18 (Suitability for Listing of Biotech Companies) provides that the Stock Exchange permits existing shareholders or their close associates to participate in the initial public offering of a biotech company provided that the issuer complies with Rules 8.08(1) and 18A.07 in relation to shares held by the public. In the case of subscription as a cornerstone investor, the applicant and its sponsor must confirm that no preference was given to the existing shareholder other than the preferential treatment of assured entitlement at the initial public offering price and the terms must be substantially the same as other cornerstone investors.

Our Company has applied for a waiver from strict compliance with the requirements under Rule 10.04, and a consent under paragraph 5(2) of Appendix 6 of the Listing Rules, to allow our existing shareholder and its close associate, namely SCC Growth VI Holdco C (HK) Limited and SCHP Master Fund (collectively, the "**Participating Shareholders**") to subscribe for Offer Shares in the Global Offering as cornerstone investors.

The Stock Exchange has granted the requested waiver and consent subject to the conditions that:

(a) the Company will comply with the public float requirements of Rules 8.08(1) and 18A.07 of the Listing Rules, as modified by any waiver granted by the Stock Exchange;

(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 on substantially the same terms as other cornerstone investors in the Global Offering, and that the Participating Shareholders shall pay for the Offer Shares before dealing commences on the Listing Date;

(c) the Company and the Joint Sponsors confirm that 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 which follows the principles set out in the Guidance Letter HKEX-GL51-13, that the cornerstone investment agreements of the Participating Shareholders do not contain any material terms which are more favourable to them than those in other cornerstone investment agreements; and

(d) details of the allocation of Offer Shares to the Participating Shareholders in the Global Offering as cornerstone investors will be disclosed in the Prospectus and the allotment results announcement of the Company.

For further information about the cornerstone investment of the Participating Shareholders, please refer to the section headed "Cornerstone Placing" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed director who is named as such in this Prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information to the public with regard to the 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.

CSRC APPROVAL

We have obtained an approval letter from the CSRC for the Global Offering, the Conversion of Unlisted Foreign Shares into H Shares and the making of the application to list the H Shares on the Stock Exchange dated October 9, 2021. In granting such approval, the CSRC accepts no responsibility for the financial soundness of us or for the accuracy of any of the statements made or opinions expressed in this prospectus.

INFORMATION ON THE GLOBAL OFFERING, STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING AND PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

This prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this prospectus and the **GREEN** Application Form contain the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the **GREEN** Application Form 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 the **GREEN** Application Form must not be relied upon as having been authorized by the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Representatives, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering.

Neither the delivery of this prospectus nor any offering, sale, delivery, subscription or acquisition made in connection with the Offer Shares shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any date subsequent to the date of this prospectus.

Details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilization, are set out in the section headed "Structure and Conditions of the Global Offering", and the procedures for applying for the Hong Kong Offer Shares is set forth in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and in the **GREEN** Application Form.

INFORMATION ON THE CONVERSION OF UNLISTED FOREIGN SHARES INTO H SHARES

The Company has applied for the Conversion of Foreign Shares into H Shares, which involves a total of 58,927,120 Unlisted Foreign Shares held by LYFE Niagara River Limited, SCC Growth VI Holdco C (HK) Limited, LBC Sunshine Healthcare Fund II L.P., Healthy Prestige Limited, Sparking Key Limited, The Valliance Fund, Sage Partners Alpha 1 L.P., Hengcui Investment LPF and Union Season Holdings Limited. Please refer to the sections headed "History, Development and Corporate Structure" and "Share Capital" for details of their interests in the Company and relevant procedures for the Conversion of Unlisted Foreign Shares into H Shares. Such H Shares to be converted from Unlisted Foreign Shares are restricted from trading for a period of one year after the Listing.

The Conversion of Unlisted Foreign Shares into H Shares has been approved by the CSRC on October 9, 2021 and is still subject to the approval by the Stock Exchange.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER 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/its acquisition of Hong Kong Offer Shares to, confirm that he/she/it is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares outside Hong Kong or the distribution of this prospectus and/or the **GREEN** Application Form in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following this prospectus and/or the **GREEN** Application Form may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription.

The distribution of this prospectus and/or the **GREEN** Application Form 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. In particular, the Offer Shares have not been offered and sold, and will not be offered and sold, directly or indirectly, in the PRC.

UNDERWRITING

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Representatives. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement. The International Underwriting Agreement in relation to the International Offering is expected to be entered into on or around Thursday, March 24, 2022. For further details on the Underwriters and the underwriting arrangements, see the section headed "Underwriting".

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from Unlisted Foreign Shares. Dealings in the H Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Thursday, March 31, 2022. Except as otherwise disclosed in this prospectus, no part of our H Shares is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

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 H 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 the Company by or on behalf of the Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H 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 H Shares on the Stock Exchange 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 Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for the details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for the H Shares to be admitted in to CCASS.

REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering and converted from Unlisted Foreign Shares will be registered on our H Share register to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our headquarters in the PRC. Dealings in the H Shares registered in our H Share register will be subject to Hong Kong stamp duty.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders as recorded on the H Share register of the Company in Hong Kong and sent by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder. According to the Guide to the Program for "Full Circulation" of H shares promulgated by China Securities Depository and Clearing Corporation Limited ("**CSDC**") on February 7, 2020, cash dividends to domestic investors of H-share "full circulation" shall be distributed through CSDC. An H-share listed company shall transfer RMB cash dividends to the designated bank account of the Shenzhen subsidiary of CSDC, who shall complete the clearing of cash dividends by distributing the cash dividends to investors through domestic securities companies.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Computershare Hong Kong Investor Services Limited, our H Share Registrar, and it has agreed not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Special Regulations and our Articles of Association;

- agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each of our Shareholders, to refer all differences, disputes and claims concerning our affairs and arising from any rights or obligations conferred or imposed by our Articles of Association, the PRC Company Law or other relevant laws, rules and regulations to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

- agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and

- authorizes us to enter into a contract on his behalf with each of our Directors, Supervisors, senior officers whereby such Directors, Supervisors, senior officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association. Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associates (as defined in the Listing Rules) of any of the Directors, Supervisors or an existing Shareholder of the Company or a nominee of any of the foregoing.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of, dealing in or the exercise of any rights in relation to our H Shares. None of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Representatives, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, dealing in, or the exercise of any rights in relation to, our H Shares.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages. In the event of any inconsistency, the Chinese version shall prevail.

ROUNDING

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

CURRENCY TRANSLATIONS

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. Unless otherwise specified, this prospectus contains certain translations for the convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HK$1.00 to RMB0.80916, Renminbi into U.S. dollars at the rate of US$1.00 to RMB6.3306 and Hong Kong dollars into U.S. dollars at the rate of US$1.00 to HK$7.8237. The RMB to HK$ and US$ to RMB exchange rates are quoted by the PBOC for foreign exchange transactions prevailing on March 11, 2022. No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rate or any other rates or at all.

DIRECTORS

Name	Address	Nationality
Executive Directors		
LIU Yong (劉勇)	0203D, Tiantian Home Anlelin Road, Yong Wai Dongcheng District Beijing, PRC	Chinese
CHEN Jianping (陳健平)	No. 102, Unit 1, No. 10 Building Tianbao Garden, Wuli Region I Tianbao South Street, Yizhuang Daxing District Beijing, PRC	Chinese
LI Bu (李布)	Room 402, Unit 3 Jinse Wutong Building No. 231 Xiyuan North Road Wuhua District Kunming Yunnan Province, PRC	Chinese
Non-executive Directors		
HONG Kunxue (洪坤學)	Room 706, Panjiayuan Nanli 9 Panjiayuan South Lane Chaoyang District Beijing, PRC	Chinese
ZHOU Hongbin (周宏斌)	Room 3504, 8 Park Avenue No. 501 Xikang Road Jing'an District Shanghai, PRC	Chinese
ZHAO Hui (趙輝)	Room 602, Unit 2, Building 21 No. 2 North Dingfuzhuang Chaoyang District Beijing, PRC	Chinese
DU Wei (杜威)	No. 2, Floor 6 No. 21 Yucai First Village Jiang'an District Wuhan Hubei Province, PRC	Chinese
FENG Tao (逢濤)	Room 1603, Unit 2, Building B Guanhaitai Garden Nanshan District Shenzhen Guangdong Province, PRC	Chinese

Independent non-executive Directors

Name	Address	Nationality
LIANG Guodong (梁國棟)	Room 601, Unit 1, Building 12 No. 2 Nanwei Road Xicheng District Beijing, PRC	Chinese
XIA Lijun (夏立軍)	No.1954, Huashan Road Xuhui District Shanghai, PRC	Chinese
GAO Feng	C2005, Turnover Building Jinan University, No.601 West Huangpu Avenue Tianhe District Guangzhou Guangdong Province, PRC	American
YUEN Ming Fai (袁銘輝)	Flat 8A, Block 3 Julimount Garden 8-12 Fu Kin Street Shatin Hong Kong	Chinese Hong Kong

SUPERVISORS

Name	Address	Nationality
CHEN Gang (陳剛)	Room 201, No. 11 Lane 2466, Jinxiu Road Pudong New District Shanghai, PRC	Chinese
XU Yaming (徐亞明)	Room 401, No. 98 Jiangnan Star City Lane 1325, Gudai Road Minhang District Shanghai, PRC	Chinese
QIAO Weiwei (喬偉偉)	13-1-101 Kangju East Yuan Gaogang District Taizhou Jiangsu Province, PRC	Chinese

Name	Address	Nationality
GU Zhongcai (顧忠財)	Flat 501, Unit 1, Building 10 Oriental Windsor Town Garden Medical New & Hi-tech Industrial Development Zone Hailing District Taizhou Jiangsu Province, PRC	Chinese
WANG Hongyang (王洪洋)	1303, 1st Door, Building 7 South Fuchengmen Street Xicheng District Beijing, PRC	Chinese
QIAN Ranting (錢然婷)	Flat 308, Building 6 Lizhi Yuan Nanshan District Shenzhen Guangdong Province, PRC	Chinese

Please see the section headed "Directors, Supervisors and Senior Management" in this prospectus for further details of our Directors and Supervisors.

OTHER PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

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

Joint Representatives

Morgan Stanley Asia Limited
(in relation to the Hong Kong Public Offering only)
46/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Morgan Stanley & Co. International plc
(in relation to the International Offering only)
25 Cabot Square, Canary Wharf
London E14 4QA
United Kingdom

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

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

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Joint Bookrunners and Joint Lead Managers	**Morgan Stanley Asia Limited** (in relation to the Hong Kong Public Offering only) 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **Morgan Stanley & Co. International plc** (in relation to the International Offering only) 25 Cabot Square, Canary Wharf London E14 4QA United Kingdom **CMB International Capital Limited** 45/F, Champion Tower 3 Garden Road Central Hong Kong **CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong

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The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public, market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan. We engaged Frost & Sullivan to prepare the F&S Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Joint Sponsors, Joint Representatives, Joint Global Coordinators, Joint Bookrunners, Joint Lead Manager, any of the Underwriters, any of their respective directors and advisers, or any other person or parties involved in the Global Offering, and no representation is given as to its accuracy. Accordingly, the information from official government sources contained herein may not be accurate and should not be unduly relied upon[1].

OVERVIEW OF VACCINES

Vaccines are biological preparations that provide active acquired immunity against a particular disease. A vaccine typically contains one or several antigens from, or similar to, a disease-causing microorganism and improves immunity to a particular disease upon administration by inducing specific immune responses. Generally, vaccines can be categorized into whole pathogen vaccines and subunit vaccines. Whole pathogen vaccines are traditional vaccines consisting of virus particles, bacteria or other pathogens that have been grown in culture, in an attenuated form or being killed to destroy disease-producing capacity. Subunit vaccines mainly include recombinant protein vaccines, viral vector vaccines, and nucleic acid vaccines, among others.

Among all the subunit vaccines, the recombinant protein vaccines are one of the most efficacious, safest and relatively inexpensive options. It uses genetic engineering techniques to produce a certain part of the pathogen. Currently, it has been used in a number of disease areas, such as hepatitis B, cervical cancer and shingles. However, the level of immune response may be lower than inactivated vaccines, live attenuated vaccines or toxoid vaccines and therefore it often requires the incorporation of adjuvants to elicit a strong protective immune response.

1 The contract sum to Frost & Sullivan is RMB900,000 for the preparation and use of the F&S Report, and we believe that such fees are consistent with the market rate. Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. In compiling and preparing the F&S Report, Frost & Sullivan has adopted the following assumptions: (i) the social, economic and political environments of the PRC will remain stable during the forecast period, which will ensure a sustainable and steady development of the PRC healthcare industry; (ii) the PRC healthcare market will grow as expected due to rising healthcare demand and supply; and (iii) the PRC government will continue to support healthcare reform. Frost & Sullivan has conducted detailed primary research which involved discussing the status of the industry with leading industry participants and industry experts. Frost & Sullivan has also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan has obtained the figures for the projected total market size from historical data analysis plotted against macroeconomic data as well as specific related industry drivers. Due to the uncertainty presented in COVID-19 vaccines, unless otherwise indicated, vaccine market size has not taken into account the emergence of the COVID-19 vaccines.

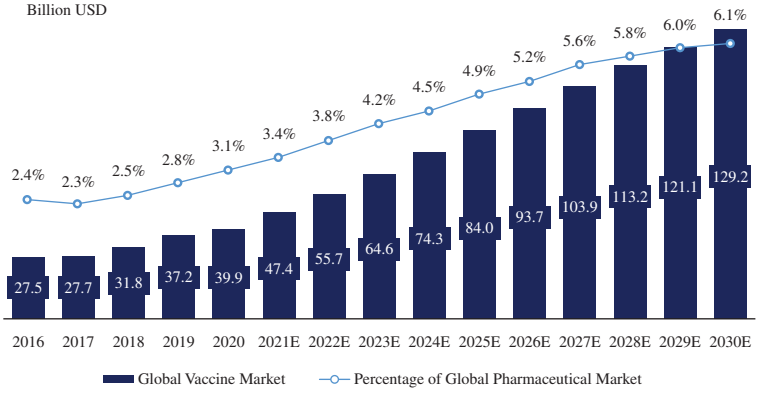
Starting from 2020, mRNA vaccines have emerged to become the latest vaccine technology. The mRNA vaccine is a nucleic acid vaccine that generates antigens by injecting mRNA of the antigen into vaccinees to stimulate humoral and cell-mediated immune response. The mRNA vaccine innovatively uses the human body's own cells to produce antigens activating immunity. The mRNA vaccines can be developed rapidly with faster manufacturing process. However, it has strict ultra-cold logistics and storage requirements and its global usage is limited by its instability and short half life.

Global Vaccine Market

The global vaccine market plays an important role in the global pharmaceutical market. The size of the global vaccine market has reached US$39.9 billion in 2020 in terms of sales revenue, accounting for 3.1% of the total global pharmaceutical market, growing from US$27.5 billion in 2016 at a CAGR of 9.7% from 2016 to 2020. Driven by the emergence of subunit vaccines and market growth in developing countries, global vaccine market is expected to reach US$129.2 billion in 2030 at a CAGR of 12.5% from 2020 to 2030. The following chart illustrates the global market size of vaccines in terms of sales revenue for the period indicated:

Global Vaccine Market Size, 2016-2030E

Period	CAGR
2016-2020	9.7%
2020-2030E	12.5%



Source: Expert interview, Company annual report, Frost & Sullivan analysis

Note: COVID-19 vaccine market is currently not taken into consideration.

Subunit vaccines have presented significant opportunities. Among the top ten infectious and parasitic diseases listed in the 2019 Global Burden of Diseases assessed by DALYs issued by the WHO, eight of which can be addressed by subunit vaccines that are marketed. The following table illustrates the details of the top ten infectious and parasitic diseases listed in the 2019 Global Burden of Diseases assessed by DALYs and the respective subunit vaccines addressing them.

Ranking	Disease	Pathogen Examples	Corresponding Vaccines	Covered by Subunit Vaccine	The Group's Vaccine Pipeline
1	**Lower Respiratory Infections**	Streptococcus pneumoniae, Influenza virus, SARS-COV-2	Pneumococcal vaccine, Influenza vaccine	√	Recombinant COVID-19 Vaccine
2	**Diarrhoeal Diseases**	Rotavirus, Vibrio cholerae, Enterovirus 71, Coxsackievirus	Rotavirus vaccine, Cholera vaccine, HFMD vaccine	√	Recombinant HFMD Vaccine
3	**Tuberculosis**	Mycobacterium tuberculosis	BCG vaccine, Tuberculosis vaccine	-	Adult TB Vaccine
4	**Parasitic and Vector Diseases**	Plasmodium parasite	Malaria vaccine	√	-
5	**HIV/AIDS**	HIV	No vaccine currently available to prevent or treat HIV infection	-	-
6	**Childhood-cluster Diseases**	Pertussis, Corynebacterium diphtheriae, Measles virus, Clostridium tetani	DPT vaccine, Measles vaccine	√	-
7	**Meningitis**	Neisseria meningitidis	Meningococcal vaccine	√	-
8	**Upper Respiratory Infections**	Streptococcus pneumoniae, Influenza virus	Pneumococcal vaccine, Influenza vaccine	√	Recombinant Influenza Quadrivalent Vaccine
9	**STDs Excluding HIV**	Human papillomavirus, Genital herpes	HPV vaccine, HSV vaccine	√	Recombinant HPV Vaccine
10	**Hepatitis**	Hepatitis viruses	Hepatitis vaccine	√	-

Target diseases covered by our vaccine pipeline

Source: WHO, F&S Report

Applying new technologies and adjuvants to address new prophylactic area indicates the future trends, and there were eight subunit vaccines among the global top ten bestselling vaccines in 2020. The following table summarizes details of the top ten bestselling vaccines globally in 2020 and their sales in 2018 and 2019.

Ranking	Vaccine Name	Manufacturer	2018 (US$ million)	2019 (US$ million)	2020 (US$ million)	Subunit Vaccine
1	**Prevnar 13/Prevenar 13**	Pfizer	5,802.0	5,847.0	5,850.0	√
2	**Gardasil/Gardasil 9**	Merck	3,151.0	3,737.0	3,938.0	√
3	**Influenza Vaccines**	Sanofi	2,015.3	2,117.8	2,819.3	√
4	**Shingrix**	GSK	1,045.2	2,311.2	2,551.7	√
5	**Polio/Pertussis/Hib Vaccines**	Sanofi	2,063.7	2,179.4	2,401.9	√
6	**ProQuad/M-M-R II/Varivax**	Merck	1,798.0	2,275.0	1,878.0	-
7	**Pneumovax 23**	Merck	907.0	926.0	1,087.0	√
8	**Fluarix, FluLaval**	GSK	-	690.8	940.4	-
9	**Bexsero**	GSK	-	867.0	833.9	√
10	**Infanrix, Pediarix**	GSK	906.5	936.0	806.9	√

Source: F&S Report, Annual reports

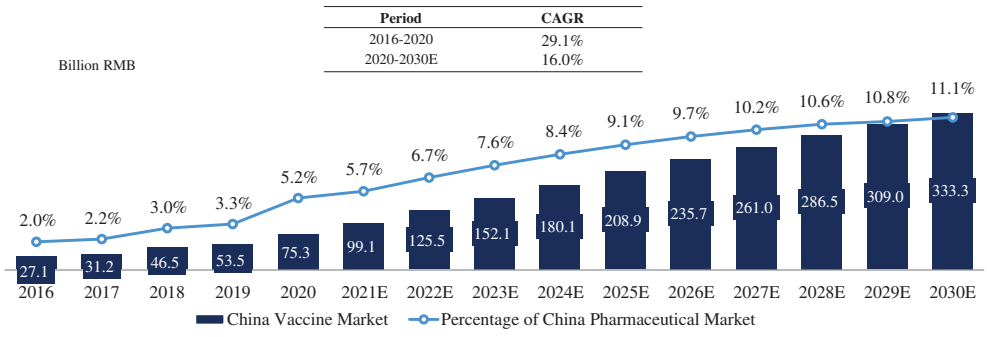
Note: For vaccine name that consists of multiples vaccines, a '√' is marked if it includes at least one subunit vaccines.

In developing countries, the demand for vaccines, especially subunit vaccines significantly exceeds the supply. For example, less than 30% of lower-middle income and low-income countries included HPV vaccines into their national immunization schedules, while more than 85% of high-income countries have done so. Furthermore, the global coverage ratio of HPV vaccines in 2019 was relatively low, accounting for only 15% among adolescent girls between 9-14 years old. However, the HPV vaccination rate in terms of the same population varies significantly across regions. In region of Americas, it was near 60% in 2019, but the vaccination rate was merely around 5% in other regions such as South-East Asia and Western Pacific over the same period. In China, less than 1% of the population has been fully-vaccinated against HPV by the end of 2020. As such, there is significant demand in developing countries for subunit vaccines.

China Vaccine Market

In 2020, China was the second largest vaccine market globally, representing over one-fifth of the global market. Driven by the increasing availability of subunit vaccines, favorable government policies, innovations in vaccine technologies and growing awareness of vaccination, China's vaccine market, in terms of production value, has increased from RMB27.1 billion in 2016 to RMB75.3 billion in 2020 at a CAGR of 29.1%, and is expected to reach RMB333.3 billion in 2030 at a CAGR of 16.0% from 2020 to 2030. The following chart illustrates China's vaccine market in terms of production value.

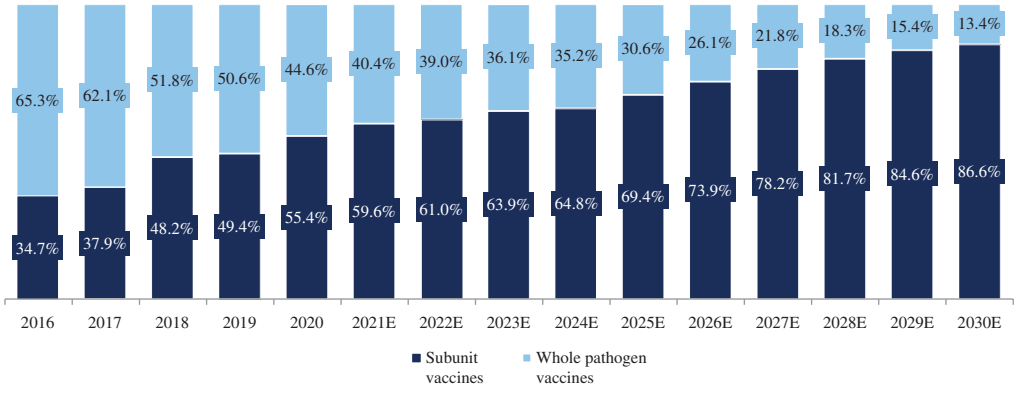
China's Vaccine Market Production Value, 2016-2030E



Source: Expert interview, NICPBP, F&S Report

In recent years, the market share of subunit vaccines in China has significantly increased. In 2020, subunit vaccines contributed to approximately 55.4% of China's vaccine market in terms of production value, increasing from 34.7% in 2016. It is expected that in 2030, over 86.6% of China's vaccine market will be dominated by subunit vaccines. The following chart illustrates China's vaccine market by technical pathway in terms of production value.

China's Vaccine Market Production Value, Breakdown by Technical Pathway, 2016-2030E



Source: NICPBP, F&S Report

Market Drivers and Trends of China's Vaccine Market

The primary market drivers and trends for China's vaccine market include:

- *Innovation and availability of vaccines.* Research and development of vaccines is a continuous process, where the improvement of existing vaccines to prevent known and emerging infectious diseases is a long term goal. Such efforts drive the development of next generation vaccines and in turn lead to greater acceptability and more cost effectiveness.

- *Favorable government policies*. Given the enormous contribution of vaccination on public health, the Chinese government has implemented multiple policies to ramp up the capabilities to research and development of vaccines. The Chinese government further expanded national immunization program with strategies focusing on certain infectious diseases prevention. In addition, certain local governments have included Class II vaccines into the reimbursement program in recent years.

- *Increasing affordability and awareness of vaccines.* The steady economic growth in China has increased the disposable income of citizens, which has led to an increased healthcare spending on vaccination. Moreover, the level of health awareness among Chinese has been improving in recent years with an incremental proportion of

people equipped with health knowledge. The awareness for and acceptance of vaccination is expected to enhance after the COVID-19 pandemic, which further contributes to boosting the vaccination rate.

- *Increasing market share of domestic vaccines.* According to the "Opinions on Further Strengthening Vaccine Circulation and Vaccination Management" (《關於進一步加強疫苗流通和預防接種管理工作的意見》), the government encourages large-scale manufacturing of domestic vaccines, and supports the development and industrialization of new vaccines. Therefore, number of vaccines will dramatically increase and the market share of domestic vaccines will also grow in the future.

Entry Barriers of China's Vaccine Market

There are significant entry barriers and challenges in the vaccine market in China, including the following:

- *Research and development capabilities.* Not all market entrants in the vaccine industry are able to integrate with all the key steps toward market success, nor have the access to vaccine development platforms. Generally, the research and development of a new vaccine candidate takes approximately 10 to 12 years. The research and development of subunit vaccines involves substantial risks and requires intensive investments in scientific research, technological expertise and human resources.

- *Technology barrier.* Technology is the key competitiveness in vaccine development and plays a decisive role in such process. The adaptability to leverage advanced technologies, for example leveraging the comprehensive technology platforms will significantly improve the research and development capabilities and meet the demand for disease prevention. As such, vaccine companies that have well-established technology platforms will gain a competitive advantage in developing subunit vaccines.

- *Manufacturing capability and quality management.* According to the *Vaccine Administration Law of the People's Republic of China* (《中華人民共和國疫苗管理法》), vaccine companies must have their own vaccine manufacturing facilities that meet GMP requirements. More importantly, vaccine companies are required to establish a quality management system to ensure quality of the whole life cycle of vaccines. Moreover, substantial technologies and human resources investment are required to establish the manufacturing and quality management capabilities of a vaccine company.

- *Intensive capital investment*. The launch of vaccines is time-consuming and bears high uncertainties. Substantial amount of investment is required for commercializing of a new vaccine, from research and development, clinical trials, manufacturing to the commercialization.

Adjuvants

Adjuvants are substances that can assist in antigen response and stimulate or suppress immune response. The functions of adjuvants mainly include: (i) improving the immunogenicity of the vaccine; (ii) changing the nature of immune response; and (iii) reducing the amount of antigen and the required number of shots of immunization.

Traditionally, alum adjuvants have been widely used in vaccine development. In recent decades, emerging subunit vaccines, especially recombinant protein vaccines, have significantly driven the development of innovative and more effective adjuvants, such as AS04, AS01 and CpG 1018. Generally, vaccine adjuvants are not approved independently as a drug but as a component of a vaccine. However, these novel adjuvants are generally difficult to manufacture, for example, AS01, a liposome-based adjuvant system, is manufactured through complex processes and quality control standards which only a few companies can achieve. Since the adjuvants formulated in vaccine are designed to be used in healthy population, it requires higher manufacturing techniques and more stringent regulatory standards. There are only five novel adjuvants applied in FDA-approved vaccines to date. The following table summarizes the adjuvants that have been applied in FDA-approved vaccines as of the Latest Practicable Date.

Licensed Adjuvanted Pediatric and Adult Vaccines

Adjuvant	Vaccines (disease)	Vaccine Type	Company	First Use Since
Alum	Daptacel (DTaP), Gardasil 9 (HPV), Prevnar 13 (pneumococcal), etc.	Various	Various	1926

Licensed Adjuvanted Adult Vaccines

Adjuvant	Manufacturer	Adjuvant Composition	Vaccines (disease)	Difficulty in Manufacturing	FDA Approval
AS04	GSK	Monophosphoryl lipid A (MPL) and aluminum salt	Cervarix (HPV 16/18 caused disease)	Separation and purification of lipopolysaccharide (MPL's raw material) is difficult	2009
AS03	GSK	Oil in water emulsion composed of α-tocopherol, squalene and surfactant Tween 80	Q-Pan H5N1 (Influenza A H5N1 infection)	Natural sources of α-tocopherol and squalene are limited, while artificial synthesis is either cumbersome or with low yield	2013
MF-59	Seqirus	Squalene and Tween 80 and Span 85 (two surfactants) in an oil-in-water emulsion	FLUAD (Influenza disease)	Natural sources of squalene are limited, while artificial synthesis is either cumbersome or with low yield	2015
AS01	GSK	Monophosphoryl lipid A (MPL) and QS-21, a natural compound extracted from the Chilean soapbark tree, combined in a liposomal formulation	Shingrix® (Herpes Zoster)	Natural sources of QS-21 are limited; Separation and purification of lipopolysaccharide (MPL's raw material) is difficult	2017
CpG 1018	Dynavax	CpG-ODN (cytosine phosphoguanosine oligodeoxynucleotide, microbial derivations)	Heplisav-B (HBV infection)	Synthesis and purification of nucleic acid are required in production	2017

Source: CDC, WHO, Literature research, F&S report

Due to the complexity in developing and manufacturing of adjuvants, currently most vaccine companies do not have commercial manufacturing capability for adjuvants and have to rely on a limited number of qualified suppliers, which they procure approved adjuvants from. As such, vaccine companies with adjuvant manufacturing capability generally can enjoy advantages in terms of scalability. In addition, growing awareness of vaccination to address other diseases also calls for the increasing demand to develop novel and innovative adjuvants.

HPV VACCINE MARKET

Human papillomavirus ("**HPV**") is the most common pathogen of reproductive tract. Although most of the HPV infections may clear up within a few months without any intervention, certain infections can persist and progress into cervical cancer. These high-risk HPV infections are mainly caused by HPV types 16, 18, 31, 33, 45, 52 and 58, causing approximately 90% of cervical cancer cases global, among which HPV types 16 and 18 account for approximately 70% of cervical cancer cases globally. In addition, HPV types 6 and 11 caused approximately 90% of the anal and genital warts globally. As such, HPV bivalent vaccines (types 16 and 18) can protect against approximately 70% cervical cancers and approved HPV quadrivalent vaccines (type 6, 11, 16 and 18) can protect against approximately 70% cervical cancers and approximately 90% anal and genital warts. HPV 9-valent vaccines further extend its protection to approximately 90% cervical cancers and 90% anal and genital warts. In 2020, cervical cancer caused 4,290 deaths in the U.S. and 59,060 deaths in China.

In 2020, the WHO issued the *Global Strategy to Accelerate the Elimination of Cervical Cancer* ("**Strategy**"), under which three measures were recommended to eliminate cervical cancer, namely vaccination, screening and treatment. Under the Strategy, 90% of the girls are recommended to complete HPV vaccination before age of 15 by 2030. By the end of 2020, there are 110 countries which have included HPV vaccines into their routine national immunization schedule. However, the government has not added HPV vaccines to the list of national immunization regime in China so far, which has contributed to the limited HPV vaccine rollout. In December 2020, China stated that it will fully support the 'Strategy' to accelerate the elimination of cervical cancer, which is expected to significantly drive the growth of China's HPV market. It is expected that HPV vaccines will be included in the list of national immunization regime in China in the future.

In addition, all the HPV serotypes that can infect females can also infect males and cause serious disease including penile, anal, head and neck cancer, among others, in males. In 2020, there were approximately 36,100 penile cancer cases, approximately 50,900 anal cancer cases and approximately 931,900 head and neck cancer cases globally. According to Human Papillomavirus and Related Diseases Report in China, HPV DNA is detectable in approximately 51% of all penile cancers. In addition, Global Cancer Statistics 2020 showed males accounted for 43% and 75% of anal and head and neck cancer, respectively, which are both associated with HPV infection. At the 2021 HPV popularization education series activities, experts called for men to be vaccinated against HPV, and said that after the vaccine for men is approved in the future, it is hoped that the male adolescent population can be vaccinated, which can fundamentally reduce infection and prevent subsequent lesions that may lead to the occurrence of cancer. Although currently there are no policies in China in relation to recommendation of HPV vaccination on males, such policies have already been enacted in other major jurisdictions. For example, in the United States, CDCs have recommended HPV vaccination for all boys at ages 11 to 12 and the Affordable Care Act requires most private insurance plans to cover HPV vaccine for the recommended population. In addition, in April 2020, China CDC reported a Swedish-Finnish study published in the Journal of Infectious Disease. Such study shows that HPV infections can only be eliminated if both girls and boys

are vaccinated. Furthermore, there are already HPV vaccine candidates targeting males undergoing clinical trials in China according to Frost & Sullivan. For example, MSD's nine-valent human papillomavirus vaccine is in phase III clinical trials in Chinese men aged 20 to 45 years old, the recombinant nine-valent human papillomavirus vaccine of Beijing Health Guard Biotechnology INC. is in phase I clinical trials in men aged 9 to 45 years old, and the quadrivalent recombinant human papillomavirus vaccine of China National Pharmaceutical Group is in phase I clinical trials in men aged 9 to 17 years old.

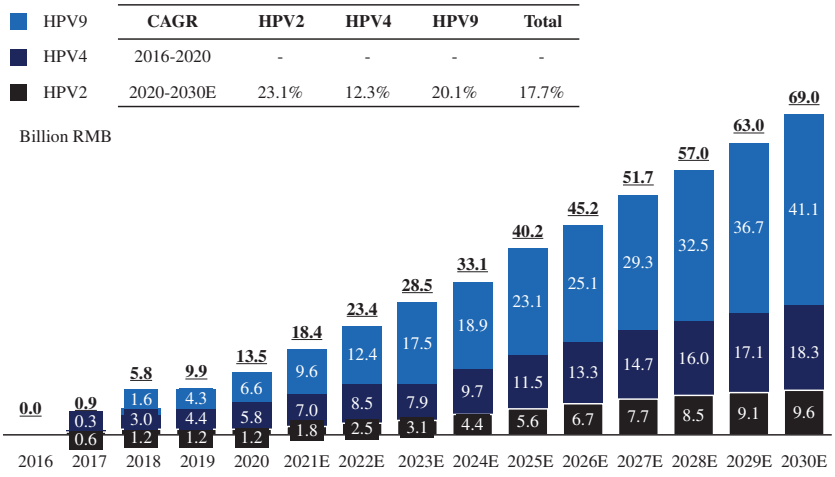
Types of HPV Vaccines

Currently, there are three kinds of HPV vaccines under commercialization globally, namely HPV bivalent vaccine, HPV quadrivalent vaccine and HPV 9-valent vaccine. In December 2014, the first HPV 9-valent vaccine was approved by the FDA in the United States, which targets HPV types 6, 11, 16, 18, 31, 33, 45, 52 and 58. According to *Expert consensus on immune prevention of cervical cancer and other human papillomavirus-related diseases* (子宮頸癌等人乳頭瘤病毒相關疾病免疫預防專家共識) published by Vaccine and Immunization Branch (中華預防醫學會疫苗與免疫分會) in 2019 ("**Expert Consensus**"), infection rates for some of the high-risk HPV serotypes are 2.8% for HPV type 52, 2.7% for HPV type 16, 1.7% for HPV type 58, 1.1% for HPV type 33 and 1.1% for HPV type 18 in females with normal cervix uterus in China, respectively. The Expert Consensus does not provide infection rates for other HPV serotypes. Nevertheless, higher infectious rate does not necessarily mean that such HPV serotype causes more cervical cancer cases. In general, HPV type 16 and HPV type 18 cause the most cervical cancer cases, accounting for approximately 70% of cervical cancer cases globally. In addition, the infection rate for HPV type 6 accounting for 4.0% and for HPV type 11 accounting for 2.3% in Chinese females. Together with HPV types 31, 33, 45, 52 and 58, these HPV serotypes caused approximately 90% of cervical cancer cases globally. In addition, HPV types 6 and 11 caused approximately 90% of the anal and genital warts globally. As such, HPV bivalent vaccines (types 16 and 18) can protect against approximately 70% cervical cancers and approved HPV quadrivalent vaccines (type 6, 11, 16 and 18) can protect against approximately 70% cervical cancers and approximately 90% anal and genital warts. HPV 9-valent vaccines further extend its protection to approximately 90% cervical cancers and 90% anal and genital warts, and is widely considered as the most effective vaccine against HPV.

Market Size

In China, the HPV vaccine market has significant potential and is expected to grow rapidly in the next few years. The first HPV vaccine was approved in China in 2017. Since then, the HPV vaccine market size has grown to RMB13.5 billion in 2020 and is expected to reach RMB69.0 billion in 2030, representing a CAGR of 17.7% from 2020 to 2030. HPV 9-valent vaccine market is expected to have the largest market share in 2030 in the HPV vaccine market. In addition, the HPV bivalent vaccine market is expected to experience rapid growth as HPV bivalent vaccines are generally cheaper, and thus more accessible for larger population with limited affordability. The following chart sets forth the market size of HPV vaccine market in terms of production value for the period indicated.

China HPV Vaccine Market Production Value, 2016-2030E



Sources: Expert interview, NICPBP, F&S Report

Market Drivers and Trends

We believe the following are the major market drivers and trends for China's HPV vaccine market.

- *High burden of cervical cancer.* Cervical cancer has high disease burden globally and in China. The number of confirmed cases of cervical cancer ranked eighth in China among all types of cancers in 2020, reaching a total of 118.5 thousand confirmed cases, according to Frost & Sullivan. Meanwhile, even if the five-year survival rate of cervical cancer, when being diagnosed at localized stage and regional stage, can be over 80% and 40%, respectively, the five-year survival rate of cervical cancer in China is only 12.9% when the cancer is diagnosed at the stage of distant metastasis. The mortality number of cervical cancer in China was 59.1 thousand in 2020. Globally, there were 604.1 thousand confirmed cervical cancer cases and 341.8 thousand deaths in 2020, respectively. Such high disease burden of cervical cancer will drive the growth of China's HPV market.

- *Favorable global strategies and domestic policies*. WHO announced the *Global Strategy to Accelerate the Elimination of Cervical Cancer* in November 2020 (the "**Strategy**"), with the objective of complete 90% HPV vaccination for the girls before age of 15 by 2030. Similarly, the Department of Maternal and Child Health of the National Health Commission stated that China will fully support the Strategy in China. In response to the Strategy, the PRC government encouraged qualified provinces to include the HPV vaccine in the scope of public vaccination and a pilot program was officially launched in Ordos in April 2021. In October 2021, the Guangdong provincial government issued a notice that it planned to increase RMB600 million for free HPV vaccination from 2022 to 2024. Females under 14 years of age who have a student status in Guangdong Province, have entered the first grade of junior middle school since September and have not been vaccinated will get the HPV vaccine free starting next year. In September 2020, the city's health commission of Xiamen announced that free HPV vaccines would be provided to girls aged 13-14 until the end of 2022 to help prevent cervical cancer, making it the second region in the country to adopt such a policy. Benefiting from the global strategies and the support from domestic policies, it is estimated that the HPV vaccine market will grow significantly.

- *Increasing vaccination rate.* China's HPV vaccination rate is relatively low. According to the International Papillomavirus Society and Cancer Foundation of China, the awareness rate of HPV in China is only 30%, while the full-course vaccination rate is less than 1% by the end of 2020. Further, assuming all the lot releases of HPV vaccines are fully consumed and all the females taking HPV vaccines have completed their vaccination schedule, in 2020, only 2.6% of the females aged 9-45 have received HPV bivalent or quadrivalent vaccines in China, according to Frost & Sullivan. However, with the continuous increased awareness for and acceptance of vaccination, especially after COVID-19, it is expected that more and more people in China will undergo early inoculation of HPV vaccines, which will further drive the growth of China's HPV market.

- *Domestic substitution.* Currently, China's HPV vaccine market is primarily dominated by imported products. Nevertheless, several PRC companies are developing HPV vaccines, some of which have reached phase III clinical trials or obtained marketing approval. These domestic vaccines and vaccine candidates are proven to have non-inferior efficacy and safety profile compared to imported products, while their prices are generally cheaper. For example, although currently there is no available public paper reporting a head-to-head clinical trial comparing domestic HPV vaccines and foreign HPV vaccines, in the clinical trial conducted by Merck Sharp & Dohme for Gardasil 9 in 2009, the rate of adverse event was 86.6%

among subjects enrolled in the vaccine cohort, as compared to 53.73% as observed in the phase I clinical trial of REC603[(1)]. As such, it is expected that these domestic HPV vaccines will account for a larger market share going forward.

- *Novel adjuvant*. The R&D of innovative adjuvants is expected to drive the upgrade of HPV vaccine candidates to achieve better clinical performance, thus facilitate the growth of the HPV vaccine market. Companies with established R&D and manufacturing capabilities of novel adjuvants will benefit from it. Therefore, the continuous upgrade of HPV vaccines with novel adjuvants will drive the growth of China's HPV vaccine market.

Entry Barriers

The new entrants in China's HPV market are expected to face the following entry barriers.

- *Long R&D cycle*. The HPV vaccine has high technical requirements and a complex and lengthy clinical trial process, thus resulting in relatively longer R&D time. It often takes many years for HPV infections to be clinically detectable and may take even longer to detect potential cervical lesion, thus the evaluation of the efficacy of HPV vaccines is more time-consuming. From the regulatory history of existing launched HPV vaccines, it usually takes nearly 10 years from phase I clinical trials to the final launch of the product. Furthermore, the higher the valent of the vaccine candidates, the more complex the manufacturing process and the more batches of bulk needed for the preclinical studies, which will also result in a longer research and development cycle. The nature of the HPV infection and the length of the R&D cycle of HPV vaccines both entry barriers for the potential market player.

- *High R&D costs.* The long R&D cycle also leads to long-term R&D investments. A study has shown that the estimated R&D costs for clinical trials (phase I-III) for both GARDASIL and GARDASIL 9 vaccines combined generally fell in the range between US$1.05 billion to US$1.21 billion, becoming an entry barrier for some companies.

- *Manufacturing and quality management.* Manufacturing and quality management is crucial for HPV vaccines. Generally, the higher the valent of the vaccine candidates, the more complex and stringent the manufacturing and quality management process.

Note:

(1) The above information was derived from multiple clinical trials conducted for different vaccines, without the support of controlled, head-to-head clinical studies. According to Frost & Sullivan, a number of factors could affect the relevant clinical results and could render cross-trial comparison results less meaningful, including but not limited to the different subject enrollment standards adopted in different trials, different population characteristics of subjects, physicians' inoculation skills and experiences and the lifestyle of the subjects. As such, you are cautioned not to place undue reliance on the above cross-trial comparison results.

- *Technical challenges for higher-valent HPV vaccines*. HPV vaccine composes of VLPs formed by recombinant HPV L1 protein. Only VLPs with the same or similar structure as natural viruses can induce immunogenicity to prevent diseases caused by HPV infection. Therefore, since 11-valent HPV vaccines and 14-valent HPV vaccines comprise additional two to five VLPs than 9-valent HPV vaccines, it makes the research and development of the higher-valent HPV vaccines more difficult. In order to produce VLP with the same or similar structure as the natural virus, it requires the correct gene sequence, suitable culture conditions and intracellular microenvironment, complete and consistent assembly of VLP particles, good stability and expression of VLP particles, and establishment of a reliable subsequent purification process. Thus, the research and development of 11-valent HPV and 14-valent HPV vaccines have a high technical barrier.

- *High-valent vaccines may have potential safety issues*. Interferences between different HPV serotypes and the increasing antigen content may lead to safety issues, which require more safety studies to ensure the safety profile of HPV vaccines with higher valent.

Competitive Landscape

Currently, there are four marketed HPV vaccines in China, with the only approved HPV 9-valent vaccine accounting for over 48.5% of the market share. As of the Latest Practicable Date, none of these vaccines have been admitted in the NRDL. The following table summarizes the marketed HPV vaccines in China as of the Latest Practicable Date.

Brand Name	General Name	Manufacturer	Adjuvant	Dosage	Approval Agency	Approved Time	2020 Lot Release, thousand	Biding Price/ Dose, RMB	2020 Production Value, million RMB	2020 Bidding Market Share	Vaccination Schedule
										%	
Cecolin	Human Papillomavirus Bivalent (Types 16 and 18) Vaccine, Recombinant	Xiamen Innovax Biotech	$AI(OH)_3$	0.5 mL each	NMPA	12-2019	2,456.1	329	808.1	6.0	**9-14 years:** 2 doses at 0, 6 months, or 3 doses at 0, 1, 6 months **15-45 years:** 3 doses at 0, 1, 6 months
Cervarix	Human Papillomavirus Bivalent (Types 16 and 18) Vaccine, Recombinant	GlaxoSmithKline Biologicals S.A.	AS-04	0.5 mL each	NMPA	07-2016	689.7	580	400.0	3.0	**9-45 years:** 3 doses at 0, 1, 6 months
					FDA	10-2009	N/A	N/A	N/A	N/A	**9-25 years:** 3 doses at 0, 1, 6 months
					EMA	09-2007	N/A	N/A	N/A	N/A	**9-14 years:** 2 doses at 0 and 5 to 13 months **15 years or above:** 3 doses at 0, 1, 6 months

Brand Name	General Name	Manufacturer	Adjuvant	Dosage	Approval Agency	Approved Time	2020 Lot Release, thousand	Biding Price/ Dose, RMB	2020 Production Value, million RMB	2020 Bidding Market Share	Vaccination Schedule
										%	
Gardasil	Human Papillomavirus Quadrivalent (Types 6, 11, 16, 18) Vaccine, Recombinant	Merck Sharp & Dohme Corp.	Amorphous Aluminum Hydroxypho-sphate Sulfate	0.5 mL each	NMPA	05-2017	7,219.5	798	5,761.1	42.5	**20-45 years:** 3 doses at 0, 2, 6 months
					FDA	06-2006	N/A	N/A	N/A	N/A	**9-26 years:** 3 doses at 0, 2, 6 months
					EMA	09-2006	N/A	N/A	N/A	N/A	**9-13 years:** 2 doses at 0, 6 months, or 3 doses at 0, 2, 6 months **14 years or above:** 3 doses at 0, 2, 6 months
Gardasil 9	Human Papillomavirus 9-valent (Types 6, 11, 16, 18, 31, 33, 45, 52 and 58) Vaccine, Recombinant	Merck Sharp & Dohme Corp.	Amorphous Aluminum Hydroxypho-sphate Sulfate	0.5 mL each	NMPA	04-2018	5,066.4	1,298	6,576.2	48.5	**16-26 years:** 3 doses at 0, 2, 6 months
					FDA	12-2014	N/A	N/A	N/A	N/A	**9-14 years:** 2 doses at 0 and 6-12 months, or 3 doses at 0, 2, 6 months **15-45 years:** 3 doses at 0, 2, 6 months
					EMA	06-2015	N/A	N/A	N/A	N/A	**9-14 years:** 2 doses at 0 and 6-12 months, or 3 doses at 0, 2, 6 months **15 years or above:** 3 doses at 0, 2, 6 months

Source: F&S Report

As of the Latest Practicable Date, there were 17 HPV vaccine candidates under clinical trials in China. Most HPV vaccine candidates under clinical trials are bivalent, quadrivalent or 9-valent vaccines. Although certain vaccine companies are conducting clinical trials on HPV 11-valent or 14-valent vaccine candidate, according to the information registered on Clinicaltrials.gov, the estimated study completion date of the HPV 11-valent vaccine candidate will be in March 2028, while the HPV 14-valent vaccine candidate is still in its phase II clinical trial. The research and development of 11-valent and 14-valent HPV vaccines impose a higher safety threshold and technical barrier, for details please see "—Entry Barriers." Therefore, we believe, as concurred by leading expertise in China, HPV 9-valent vaccines were the most favorable HPV vaccine technologies as of the Latest Practicable Date. The following table sets forth the details of HPV vaccine candidates under clinical trial in China.

Valent	General Name	Manufacturer	Adjuvant	Clinical Phase	First Posted Time	Technical Type	Serotypes	Applicable Age
Bivalent	**REC602**	**Our Company**	**N/A**	**I**	**01-2021**	**Recombinant**	**6, 11**	**18-45**
	REC601	**Our Company**	**N/A**	**I**	**01-2019**	**Recombinant**	**16, 18**	**9-45**
	Recombinant Human Papillomavirus Bivalent Vaccine (Yeast)	Shanghai Zerun Biotechnology	Aluminum phosphate adjuvant	BLA	04-2021	Recombinant	16, 18	9-30
	Recombinant Human Papillomavirus Bivalent Vaccine (Escherichia coli)	Beijing Wantai Biological Pharmacy Enterprise	N/A	II	03-2016	Recombinant	6, 11	18+
3-valent	Recombinant Human Papillomavirus 3-valent Vaccine (Escherichia coli)	Beijing Health Guard Biotechnology	Aluminum adjuvant	III	09-2020	Recombinant	16, 18, 58	18-45
Quadrivalent	Recombinant Human Papillomavirus 4-valent Vaccine (Hansenula polymorpha)	Shanghai Bowei Biological Technology Co., Ltd.	N/A	III	08-2021	Recombinant	6, 11, 16, 18	9-19
			N/A	III	05-2020	Recombinant	6, 11, 16, 18	20-45
	Human Papillomavirus 4-valent Vaccine (Saccharomyces cerevisiae)	Merck Sharp & Dohme	Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	06-2018	Recombinant	6, 11, 16, 18	9-26
	Recombinant Human Papillomavirus 4-valent Vaccine (Hansenula polymorpha)	China National Pharmaceutical Group	N/A	III	01-2018	Recombinant	6, 11, 16, 18	18-45
			N/A	II	12-2017	Recombinant	6, 11, 16, 18	9-45
			N/A	I	06-2017	Recombinant	6, 11, 16, 18	31-45
			N/A	I	09-2016	Recombinant	6, 11, 16, 18	9-17 (in males) and 9-30 (in females)
	Recombinant human papillomavirus 4-valent VLPs vaccine (Pichia pastoris)	Shanghai Institute Of Biological Products	N/A	II	03-2019	Recombinant	16, 18, 52, 58	20-45
			N/A	I	03-2019	Recombinant	16, 18, 52, 58	9-45

Valent	General Name	Manufacturer	Adjuvant	Clinical Phase	First Posted Time	Technical Type	Serotypes	Applicable Age
9-valent	**REC603**	**Our Company**	**Aluminum adjuvant**	**III**	**06-2021**	**Recombinant**	**6, 11, 16, 18, 31, 33, 45, 52, 58**	**9-45**
	Recombinant Human Papillomavirus 9 valent Vaccine (Hansenula polymorpha)	Shanghai Bowei Biological Technology*	Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	05-2021	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	9-45
			Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	07-2020	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	16-26
			Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	04-2020	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	20-45
	Recombinant Human Papillomavirus 9 valent Vaccine (Escherichia coli)	Beijing Health Guard Biotechnology	Aluminum hydroxide adjuvant	III	04-2021	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	20-45
			Aluminum hydroxide adjuvant	I	06-2021	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	9-45 (in males)
	Recombinant Human Papillomavirus 9 valent Vaccine (Escherichia coli)	Beijing Wantai Biological Pharmacy Enterprise	N/A	III	09-2021	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	9-17 (in males) and 9-26 (in females)
			N/A	III	03-2021	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	18-26
			N/A	III	08-2020	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	18-45
	Human Papillomavirus 9 valent Vaccine (Saccharomyces cerevisiae)	Merck Sharp & Dohme	Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	03-2022	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	9-14 (in males)

Valent	General Name	Manufacturer	Adjuvant	Clinical Phase	First Posted Time	Technical Type	Serotypes	Applicable Age
			Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	10-2021	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	20-45 (in males)
			Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	05-2019	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	20-45
			Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	03-2019	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	9-45
	Recombinant Human Papillomavirus 9 valent Virus like particle vaccine	Shanghai Zerun Biotechnology Co., Ltd.	Amorphous phosphate adjuvant	I	03-2019	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	9-45
11-valent	Recombinant Human Papillomavirus 11-valent Vaccine (Hansenula polymorpha)	China National Pharmaceutical Group	N/A	III	03-2022	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58, 59, 68	18-45
			N/A	II	07-2020	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58, 59, 68	18-26
			N/A	I	09-2019	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58, 59, 68	9-45
14-valent	Recombinant Human Papillomavirus 14-valent Vaccine	The Sinocelltech Ltd. Beijing Nuoning Biotechnology	Aluminum adjuvant	II	09-2021	Recombinant	6, 11, 16, 18, 31, 33, 35, 39, 45, 51, 52, 56, 58, 59	18-45

Source: CDE, ClinicalTrials.gov, F&S Report

Note:

* The Recombinant Human Papillomavirus 9 valent Vaccine (Hansenula polymorpha) manufactured by Shanghai Bowei Biological Technology used Hansenula polymorpha expression system and Alum adjuvant (amorphous hydroxy phosphate aluminum sulfate adjuvant). There are products approved or under clinical development use the same expression system and adjuvant to date.

In addition to HPV bivalent, quadrivalent and 9-valent vaccine candidates, there is one phase III clinical stage 11-valent vaccine candidate and one phase II clinical stage 14-valent vaccine candidate under development in China. According to the Clinical Development Success Rates and Contributing Factors 2011-2020, the likelihood of commercialization

approval for a vaccine candidate from phase II stage is only 18.7%. As such, there are still great uncertainties whether 11-valent HPV vaccine candidate and/or 14-valent HPV vaccine candidate can be approved. From the regulatory history of commercially-launched HPV vaccines, it usually takes nearly 10 years from phase I clinical trials to the final launch of the product. As such, our Directors are of the view that as concurred by Frost & Sullivan, it is relatively unlikely that these vaccine candidates with higher valent will be approved in the foreseeable future.

Considering the complexity in R&D and manufacturing of these higher valent vaccine candidates and the higher costs associated with its manufacturing process due to difficulties in assembly of VLP particles, maintaining stability and expression of VLP particles and establishing of a reliable subsequent purification process, notwithstanding the uncertainties in the prices of higher-valent HPV vaccines given none of them are commercialized yet, our Directors are of the view that as concurred by Frost & Sullivan, taking into account the manufacturing costs associated with these higher-valent HPV vaccines and the pricing of approved HPV bivalent, quadrivalent and 9-valent vaccines, these vaccine candidates with higher valent, even approved, will likely be priced at a higher level than the current approved HPV 9-valent vaccine products. Based on the discussion with the management of the Company and Frost & Sullivan so far and to the best knowledge and information of the Joint Sponsors, nothing has come to the attention of the Joint Sponsors for them to cast doubt on the views of our Directors expressed above.

COVID-19 VACCINE MARKET ANALYSIS

Overview of COVID-19

COVID-19 is a global pandemic caused by infections of the SARS-CoV-2. The SARS-CoV-2 virus is easily spread from person to person through small droplets from the nose or mouth, which are expelled when an infected person coughs, sneezes or speaks. Common symptoms at onset of illness include fever, dry cough, dyspnoea, fatigue, myalgia and anorexia. The SARS-CoV-2 virus is highly transmissible with an incubation period of 4-12 days. A large proportion of patients display mild illness which may lead to undetected transmission.

Since late 2019, the COVID-19 pandemic had caused a devastating social and economic impact in China and worldwide. As of the Latest Practicable Date, COVID-19 has claimed more than 6 million lives reported by WHO Dashboard and is still circulating globally. Safe and effective vaccines are critical to controlling the COVID-19 pandemic. Based on the speech made by Dr. Zhong Nanshan (鍾南山) at the 20th Science Council of Asia Conference in May 2021, we believe that at least 89.2% of the global population will need to be vaccinated with a vaccine of 70% efficacy to reach herd immunity, indicating a considerable demand of COVID-19 vaccines.

As of the Latest Practicable Date, several mutant strains of SARS-CoV-2 have emerged. These mutant variants stains escape naturally-induced and vaccine-induced immunity. For example, three variants (B.1.1.7, B.1.617, B.1.618) have emerged as the most common mutation types in the pandemic. In November 2021, WHO further designated the variant B.1.1.529 as a variant of concern, named Omicron, which had been identified in over 170 countries across all six WHO regions. The Omicron variant is likely to spread further and poses a "very high" global risk as it spreads faster and escapes antibodies more readily than previous variants. In addition, the increasing cases of reinfection and mild breakthrough infections further revealed Omicron variant's severities. However, vaccine effectiveness against Omicron variant have shown significant reductions in protection it compared to the Delta variant according to the same source. As vaccination remains the mainstay to defend against COVID-19 disease, vaccines against mutant variants, particular the Omicron variant, may be required and subsequently generates demand for the development of next generation vaccines that elicit broadly neutralizing activity against current and potential future variants.

Types of COVID-19 Vaccines

With the support of global initiatives launched by WHO as well as local governments around the world, COVID-19 vaccines are being developed swiftly. There are five technical pathways COVID-19 vaccines could adopt, including recombinant protein vaccines, inactivated vaccines, viral vector vaccines, mRNA vaccines and DNA vaccines. The table below illustrates an overview of the vaccine development technical pathways for the COVID-19 vaccines, according to Frost & Sullivan:

Vaccine Development Technical Pathways for the COVID-19 Vaccines

Platform	Target	Authorized COVID-19 Vaccine	Advantages	Disadvantages
Protein-based Subunit Vaccines	S protein	Yes	• No infectious virus needs to be handled; • Production can be rapidly scaled-up to large quantities using well-characterized manufacturing processes; • Adjuvants can be used to increase immunogenicity.	• Global production capacity might be limited; • Antigen and/or epitope integrity needs to be confirmed.
Inactivated Vaccines	Whole virion	Yes	• Straightforward process used for several licensed human vaccines; • Existing infrastructure can be used; • Has been tested in humans for SARS-CoV-1; • Adjuvants can be used to increase immunogenicity.	• Large amounts of infectious virus need to be handled, which may lead to biosafety issue; • Antigen and/or epitope integrity needs to be confirmed.
Adenovirus-based Viral Vector Vaccines	S protein	Yes	• No infectious virus needs to be handled; • Strong preclinical and clinical data for many emerging viruses, including MERS-CoV.	• Vector immunity might negatively affect vaccine effectiveness (depending on the vector chosen).
mRNA Vaccines	S protein	Yes	• No infectious virus needs to be handled; • Vaccines are typically immunogenic; • Rapid production possible.	• Safety issues with reactogenicity have been reported; • Delivery and storage challenge such as tight temperature control and avoidance of shock and vibration.
DNA Vaccines	S protein	No	• No infectious virus needs to be handled; • Easy scale up, low production costs; • High heat stability; • Tested in humans for SARS-CoV-1 virus; • Rapid production possible.	• Vaccine needs specific delivery devices to reach good immunogenicity; • No approved vaccines for human use developed using this platform.

Source: Literature review, F&S Report

Protein-based Subunit Vaccine

Protein subunit vaccines are made by inserting the genetic code for the antigen into cell. Production of protein-based subunit vaccine can be rapidly scaled-up to large quantities using well-characterized manufacturing processes. In addition, adjuvants can be used in protein based vaccine to increase immunogenicity. However, global production capacity might be limited and the antigen and/or epitope integrity needs to be confirmed and specified.

mRNA Vaccines

The mRNA vaccine is a nucleic acid vaccine that generates antigens by injecting mRNA of the antigen into vaccinees to stimulate humoral and cell-mediated immune response. Among different types of COVID-19 vaccines, mRNA COVID-19 vaccines usually have shorter development cycle and relatively simple manufacturing process. However, they have the strictest logistics and storage requirements which require tight temperature control and avoidance of shock and vibration. As of the Latest Practicable Date, there were two mRNA COVID-19 vaccines approved globally, which were developed by Pfizer and Moderna, respectively.

Market Drivers and Trends

We believe the following are the major market drivers and trends for COVID-19 vaccine market.

- *Sustained high demand for COVID-19 vaccines*. The COVID-19 pandemic is generally under control and being alleviated in China. However, new infections were reported from time to time globally. Vaccines have been considered to be the most effective ways to control the pandemic in long term. As such, there is a significant demand and unmet medical needs for safer and more effective COVID-19 vaccines globally. Based on the speech made by Dr. Zhong Nanshan (鍾南山) at the 20th Science Council of Asia Conference in May 2021, approximately 89.2% population globally need to be vaccinated with 70% vaccine efficacy to reach herd immunity. Moreover, periodic booster shots or re-vaccination may be needed especially when new variants emerge, resulting in a significant global need for COVID-19 vaccines for years to come.

- *Next generation COVID-19 vaccines.* Since January 2020, the global transmission of COVID-19 spread in a relatively fast speed and variants of concerns (VOCs) have been identified throughout the pandemic since December 2020. Virus mutations will require new and more effective vaccines for further protections. The potential of VOCs to escape naturally induced and vaccine-induced immunity generates demand for the development vaccines that elicit broadly neutralizing activities against current and potential future variants. Newly found mutations will induce the development of testing technologies as well as the increase market of COVID-19 vaccines.

- *Acceleration of the vaccine development process*. The research and development of safer and more effective vaccines generally requires years of clinical testing. The COVID-19 pandemic represented a global public health challenge and is particularly detrimental to the global economy. Due to the global challenges, the governmental regulators of many countries have accelerated the vaccine review and approval process. For example, according to relevant regulations regarding research and development of COVID-19 vaccine in China promulgated by NMPA, in light of the current public health emergency, applicants are encouraged to submit preclinical data for IND approval on a rolling basis and will receive prompt feedback from the NMPA. Expedited regulatory pathways and resources provided by regulatory entities and international institutions enable various vaccine companies to rapidly develop and produce COVID-19 vaccines.

- *Strong government policies support*. Governments and local authorities have adopted various favorable policies to increase the vaccination rate of COVID-19 vaccine. In order to lower the mortality and morbidity rate of COVID-19 patients, the government around the world are willing to procure and/or reimburse for COVID-19 vaccines. Currently, COVID-19 vaccines are offered for free for Chinese residents, the costs of which will be covered by the government's funds. Many governments provided the vaccines free of charge to the citizens and actively conduct public awareness and education activities to promote vaccination. As of the Latest Practicable Date, more than 10.7 billion COVID-19 vaccine doses have been inoculated worldwide. The market of COVID-19 vaccines is expected to grow continuously and rapidly under the favorable governmental policies.

Competitive Landscape

As of the Latest Practicable Date, there were 32 COVID-19 vaccines on the market, including 11 recombinant protein vaccines and 67 candidates in phase III or later stage globally. There are in total 179 COVID-19 vaccines candidates under clinical development, including 61 recombinant protein vaccines. Among all of the recombinant protein COVID-19 vaccines under commercialization or clinical trial, ReCOV is the only one that targets a specific combination of NTD and RBD as an immunogen. For details, see "Business—Competitive Strengths—Highly differentiated and clinical-stage adjuvanted COVID-19 vaccine—ReCOV." The following table summarizes the recombinant protein vaccines that have not yet received approval for use and are still under clinical development globally as of the Latest Practicable Date.

Manufacturer	Vaccine Name	Antigen	Clinical Phase
Jiangsu Rec-Biotechnology Co Ltd	**ReCOV**	**NTD-RBD (Trimer)**	**Phase III**
Nanogen	Nanocovax	S-protein	Phase III
Livzon Mabpharm Inc	V-01	RBD	Phase III
Sanofi/GSK	Recombinant Protein	S-protein (Trimer)	Phase III
Sanofi/GSK	SP/GSK subunit B.1.351 vaccine	S protein	Phase III

Manufacturer	Vaccine Name	Antigen	Clinical Phase
Sanofi/GSK	SP/GSK subunit D614 vaccine	S protein	Phase III
Shionogi	S-268019	Undisclosed	Phase III
COVAXX	UB-612	RBD + Epitope from other structure protein	Phase III
Clover	SCB-2019	S-protein (Trimer)	Phase III
SK Bioscience Co Ltd	GBP510	RBD	Phase III
West China Hospital	Recombinant COVID-19 vaccine (Sf9 cell)	RBD	Phase III
University Medical Center Groningen	AKS-452	RBD	Phase III
PLA ZHONGYIANKE Biotech Co, Ltd.	Recombinant COVID-19 Vaccine (CHO Cells)	Undisclosed	Phase III
Bagheiat-allah University of Medical Sciences	Noora vaccine	RBD	Phase III
Adimmune Corporation	AdimrSC-2f	S-protein	Phase II
PT Bio Farma	SARS-CoV-2 Protein Subunit Recombinant Vaccine	Undisclosed	Phase II
Kentucky Bioprocessing	KBP-201	RBD	Phase II
Laboratorios Hipra SA	COVID-19 vaccine HIPRA	RBD	Phase II
Medigen	MVC-COV1901(Beta)	S-protein	Phase II
Novavax	SII B.1.351	Undisclosed	Phase II
Novavax	SII B.1.617.2	Undisclosed	Phase II
Novavax	SII Bivalent	Undisclosed	Phase II
Research Institute for Biological Safety Problems	QazCoVac-P	Undisclosed	Phase II
Icosavax	IVX-411	RBD	Phase II
Shanghai Zerun Biotechnology, Walvax Biotechnology	202-CoV	S-protein	Phase II
Sinocelltech	SCTV01C	S-protein	Phase II
Sinocelltech	SCTV01E	S-Trimer	Phase II
St. Petersburg Research Institute of Vaccines and Sera	Recombinant subunit vaccine	S-protein and other epitopes	Phase II
Tuebingen	CoVac-1	Undisclosed	Phase II

Manufacturer	Vaccine Name	Antigen	Clinical Phase
University Medical Center Groningen	AKS-452X	SP/RBD	Phase II
University of Saskatchewan	COVAC-2	S-protein	Phase II
Instituto Finlay de Vacunas Cuba	Soberana 01	RBD	Phase II
Novavax	ICC Vaccine	RBD	Phase II
EuBiologics Co Ltd	EuCorVac-19	RBD	Phase II
Center for Genetic Engineering and Biotechnology (CIGB)	CIGB-669	RBD	Phase II
Clover	SCB-2020S	S-protein	Phase II
Biological E Limited	BECOV2D	RBD	Phase II
Biological E Limited	BECOV2C	RBD	Phase II
Biological E Limited	BECOV2B	RBD	Phase II
Yisheng Biopharma	PIKA COVID-19 Vaccine	S-protein	Phase I
Emergex Vaccines Holding Ltd	PepGNP-SARSCoV2	Undisclosed	Phase I
PT Bio Farma	SARS-CoV-2 Protein Subunit Recombinant Vaccine Adjuvanted With Alum+CpG 1018	RBD	Phase I
HK inno.N Corporation	IN-B009	RBD	Phase I
SK Bioscience Co Ltd	NBP2001	RBD	Phase I
OSE Immunotherapeutics	CoVepiT	Multi-epitope (no further disclosure)	Phase I
University of Saskatchewan	COVAC-1	RBD	Phase I
US Army Medical Research and Development Command	SpFN COVID-19 Vaccine	S-protein (Trimer)	Phase I
VaxForm	CoV2-OGEN1	Undisclosed	Phase I
Baiya Phytopharm Co Ltd	Baiya SARS-CoV-2 Vax 2	Undisclosed	Phase I
Baiya Phytopharm Co Ltd	Baiya SARS-CoV-2 Vax 1 Vaccine	Undisclosed	Phase I

Source: ClinicalTrials.gov, Literature research, company website, Frost & Sullivan analysis

SHINGLES VACCINES

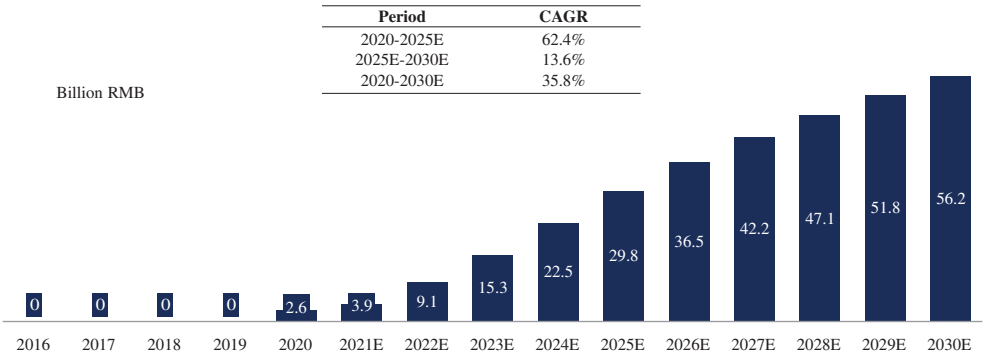
Overview

Shingles, also known as HZ, is a disease caused by reactivation of the varicella-zoster virus (VZV) from the dorsal sensory or cranial nerve ganglia. This reactivation occurs when immunity to VZV declines because of aging or immunosuppression. Herpes zoster can occur at any age but most commonly affects the elderly population. Symptoms of shingles usually include a general feeling of malaise, pyrexia, chills, myalgia, headache, pruritus, numbness and rash. VZV can be spread from a person with active shingles to another person who has never had varicella or received vaccines. Following recovery from shingles, the virus can remain dormant in the dorsal sensory and cranial ganglion for decades.

Market Size

Driven by growing awareness of shingles and the increasing number of available shingles vaccine products, China's shingles vaccine is expected to grow significantly from RMB2.6 billion in 2020 to RMB29.8 billion in 2025, and further to RMB56.2 billion by 2030 at a CAGR of 35.8%. The following chart sets forth the market size of shingles vaccines in China by production value for the period indicated:

China Shingles Vaccine Market Production Value, 2016-2030E



Source: F&S Report, NICPBP, Experts' interview

Competitive Landscape

As of the Latest Practicable Date, there were two vaccines that had been approved globally, namely Zostavax® from Merck & Co. Inc. and Shingrix® from GSK. The first shingles vaccine, Zostavax®, an attenuated live vaccine was approved by the EMA in 2006. Shingrix®, a recombinant vaccine was approved by the FDA in October 2017 for the prevention of shingles in adults aged 50 and older. It was later approved by the EMA and NMPA in March 2018 and May 2019, respectively. According to a head-to-head clinical trial organized in the United States on 160 participants, Shingrix® demonstrated higher $CD4^+$ T cell responses, resulting in a much better protective efficacy compare to Zostavax®. The following table summarizes the clinical results of the head-to-head clinical trial between Shingrix® and Zostavax®.

Comparison of Clinical Results between Shingrix® and Zostavax®

Clinical Index		Shingrix®	Zostavax®
30 days after the last dose of vaccine	VZV-Specific IL-2+		
	VZV-Specific IFN-γ+	no sig. diff.	no sig. diff.
	VZV-Specific IL-2+IFN-γ+	no sig. diff.	no sig. diff.
	gE-Specific IL-2+		
	gE-Specific IFN-γ+		
	gE-Specific IL-2+IFN-γ+		
One year after the last dose of vaccine	VZV-Specific IL-2+		
	VZV-Specific IFN-γ+	no sig. diff.	no sig. diff.
	VZV-Specific IL-2+IFN-γ+	no sig. diff.	no sig. diff.
	gE-Specific IL-2+		
	gE-Specific IFN-γ+		
	gE-Specific IL-2+IFN-γ+		
T cell generation	T Effector CD4+		
	T Effector memory CD4+		
	T Central memory CD4+		

Note: Blue indicates significantly better result. No sig. diff. means that there is no significant difference between the two vaccines regarding this clinical index.

Source: Literature Research, ClinicalTrials.gov, Frost & Sullivan Analysis

Competitive Landscape

As of Latest Practicable Date, Shingrix® was the only NMPA approved shingles vaccine in China. According Frost & Sullivan, there is two recombinant shingles vaccine candidate currently under clinical trial in China. The following table sets forth details of shingles vaccine candidates in China.

General Name	Technical Type	Manufacturer	Clinical Phase	First Posted Time	Vaccination Schedule
Attenuated Zoster Vaccine, Live	Attenuated	Changchun BCHT Biotechnology	III	02-2020	1 dose
Recombinant Zoster Vaccine (CHO cell)	Recombinant	Yidao Biotechnology (Suzhou) Co., Ltd., Ab&B Bio-tech Co., Ltd. JS	II	10-2021	2 doses at 0 and 2 months
Attenuated Zoster Vaccine, Live	Attenuated	Shanghai Institute of Biological Products	II	12-2018	1 dose
Recombinant Zoster Vaccine (CHO cell)	Recombinant	Beijing Lvzhu Biological Technology Co., Ltd.	I	01-2022	Undisclosed

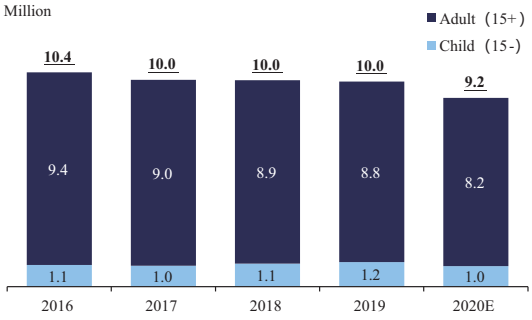
Source: CDE, ClinicalTrials.gov, F&S Report

ADULT TUBERCULOSIS (TB) VACCINES

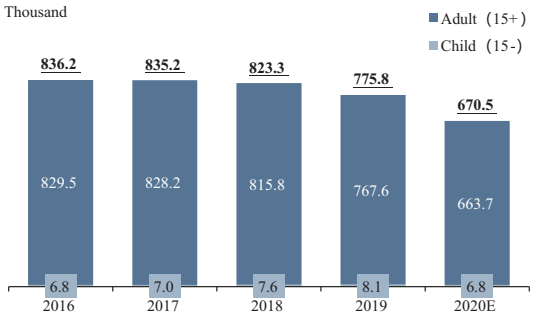
Overview

TB is a disease caused by the *Mycobacterium tuberculosis* (M. tb) bacteria and is a major worldwide health problem. TB is spread through the air from one person to another. The bacteria are put into the air when a person with active TB in the lungs or throat coughs or sneezes. Symptoms of TB include coughing for three or more weeks, coughing up blood or mucus, chest pain and weight loss. Multidrug-resistant tuberculosis (MDR-TB) is tuberculosis due to a strain that shows high-level resistance to both isoniazid and rifampicin (currently the two most popular anti-TB drugs), with or without resistance to other anti-TB drugs. MDR-TB has become problem globally. According to the WHO, TB ranks first in infectious and parasitic diseases by number of deaths in 2019 globally. Globally, there were 10.0 million of new active TB cases in 2019, among which nearly 90% of the cases were adults. China is among the 30 high TB burden countries listed by WHO, and had the third most new TB cases in 2019 with a total incidence of 775.8 thousand cases. The following charts set for the global and China's incidence of active TB.

Global Incidence of Active Tuberculosis, 2016-2020E



China Incidence of Active Tuberculosis, 2016-2020E



Note: Since WHO and China CDC haven't update data for 2020, F&S has estimated the number for 2020.
Source: WHO, China CDC, Frost & Sullivan analysis

Market Size

As of the Latest Practicable Date, there was only one approved adult TB vaccine, the Vaccae™, in China with limited use for latent infection in June 2021. There is also another adult TB vaccine candidate conducting clinical trials in China. The following table sets forth the TB vaccine under clinical trials in China.

Product Name	Technical Type	Adjuvant	Manufacturer	Clinical Phase	Clinical Location	Age Criteria of Enrollment
AEC/BC02	Recombinant	BC02	Anhui Zhifei Longcom Biologic Pharmacy Co., Ltd.	II	China	18+

INFLUENZA (FLU) VACCINE MARKET ANALYSIS

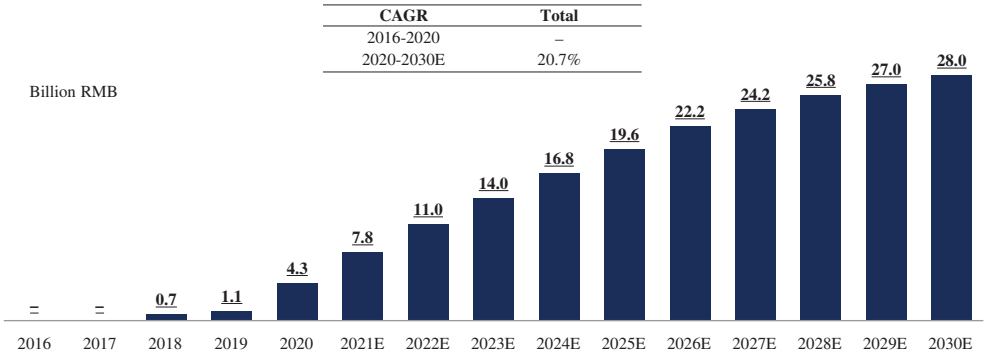
Overview

Influenza is a contagious respiratory illness caused by influenza viruses that infect the nose, throat, and sometimes the lungs. It can cause mild to severe illness, and can lead to death at times. We believe that the best way to prevent flu is by getting an annual flu vaccination. For the elderly over 65 years old, children under five years old and people with certain chronic medical conditions, there is a relatively high risk of developing severe complications if they are infected with influenza. According to the National Bureau of Disease Control and Prevention, there were approximately 1.1 million new influenza cases and 70 deaths in China in 2020.

Market Size

The first QIV was approved by NMPA in 2018. Since then, China's QIV market has grown to RMB4.3 billion in 2020, which is expected to reach RMB28.0 billion in terms of production value in 2030, growing at a CAGR of 20.7% from 2020 to 2030. The following chart sets forth the market size of QIV market in terms of production value for the period indicated.

China Quadrivalent Influenza Vaccine Market Production Value, 2016-2030E



Sources: Expert interview, NICPBP, F&S Report

Competitive Landscape

Currently, all the approved quadrivalent influenza vaccines in China are split vaccines. In 2016, the first recombinant influenza quadrivalent vaccine, Sanofi's Flublok was approved by the FDA, which has been considered as the optimal vaccine for influenza in the United States. In particular, in a head-to-head study of Sanofi's Flublok and GSK's Fluarix, an optimal quadrivalent split vaccine, patients inoculated with Flublok had a 30% less likelihood of experiencing influenza-like illnesses compared to Fluarix.

HAND-FOOT-MOUTH DISEASE (HFMD) VACCINE MARKET ANALYSIS

HFMD is a mild, contagious disease caused by viral infection. HFMD is mostly common in children of five years of age and below with sores in the mouth and rashes on the hands and feet. In 2020, HFMD has the fourth highest incidence rate in China among notifiable infectious diseases, with more than 760,000 cases reported.

Common viruses which cause HFMD include Enterovirus 71 (EV71), Coxsackievirus A16 (CA16), Coxsackievirus A10 (CA10) and Coxsackievirus A6 (CA6). These viruses have caused approximately 90% of HFMD cases in China. Currently, EV71 inactivated vaccines are the only HFMD vaccines approved globally and in China. In China, EV71 only caused 44% of the HFMD cases. China's EV71 vaccine market production value amounted to RMB2.7 billion in 2020, which is expected to reach RMB4.6 billion in 2030. With the development of recombinant protein quadrivalent vaccine that can address EV71, CA16, CA10 and CA6, it is expected that China's HFMD vaccine market will experience rapid growth in the future.

PRC LAWS AND REGULATIONS

Our business operations are subject to extensive supervision and management by the Chinese government. This section sets out: (i) the introductions of the Chinese governmental agencies with jurisdiction over our operation; and (ii) the overview of the laws, regulations and policies we must comply with.

REGULATORY AUTHORITIES

NMPA and Its Evaluation Center

China National Medical Products Administration (國家藥品監督管理局), successor to the China Food and Drug Administration (國家食品藥品監督管理局)(hereinafter referred to as "NMPA") is the department in charge of the pharmaceutical industry of China. It is responsible for drawing up the laws and regulations related to pharmaceuticals and medical devices, making policy planning, formulating departmental regulations, organising the development and issuance of pharmaceutical and medical device standards, classification and management systems, such as national formulary, and supervising the implementation.

Center for Drug Evaluation is the technical evaluation unit for drug registration with NMPA. It is mainly responsible for conducting technical evaluation on the drugs applying for registration and verifying the relevant drug registrations.

NHC

The National Health Commission (formerly known as the National Health and Family Planning Commission), (the "NHC"), is primary national regulator for public health and family planning management. It is primarily responsible for drafting national health policies, supervising and regulating public health, healthcare services, and health emergency systems, coordinating the reform of medical and health system, organising the formulation of national drug policies and national essential medicine system, launching an early warning mechanism for the monitoring of the use and clinical comprehensive evaluation of medicine as well as the drug shortage, giving suggestions on the pricing policy of national essential medicine, and regulating the operation of medical institutions and practicing of medical personnel.

NIFDC

The National Institutes for Food and Drug Control (the "NIFDC") is a public institution directly subordinate to NMPA and the statutory authority and supreme technical arbitration institution for inspecting the quality of pharmaceuticals and biological products. It is responsible for the approval and registration inspection, import inspection, supervision and inspection, safety evaluation of drugs, biological products, medical devices, foods, dietary supplements, cosmetics, laboratory animals and package materials and the batch release of

biological products, the research, distribution and management of the national drug and medical device reference materials and bacterial and viral strains for production verification, as well as the relevant technical research.

China CDC

Under the leadership of National Health Commission, Chinese Center for Disease Control and Prevention (the "CDC") exerts its function in technical guidance and support of public health. Focusing on the key tasks of national disease prevention and control, China CDC studies on the strategies and measures for disease prevention and control, organizing and implementing the work plan for various kinds of disease prevention and control. It takes care of management of public health services, including food safety, occupational safety, health related product safety, radiological health, environmental health, as well as women and children's health. China CDC forcefully carries out operational researches, and enhances technical instruction, training and quality controls in national disease prevention and control, as well as in public health service and plays the leading role nationwide in disease prevention and control, health emergency response and capacity building of public health information.

MOFCOM

Ministry of Commerce of the PRC (the "MOFCOM") is responsible for guiding and managing the foreign investment absorption in the country, drawing up the laws and regulations related to foreign investment, formulating the relevant rules, policies and reform schemes, organising the implementation, supervising and inspecting the implementation status; participating in the formulation and joint issuance of Special Management Measures for the Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) and Encouraging Foreign Investment Industries Catalogue (《鼓勵外商投資產業目錄》) with the National Development and Reform Commission; managing and guiding the foreign investment review, approval and filing works.

REGULATORY PROVISIONS

Laws and Regulations Related to Drugs

Drug Administration Law of the People's Republic of China (the "Drug Administration Law") (《中華人民共和國藥品管理法》) and Regulations of Implementation of the Drug Administration Law (《中華人民共和國藥品管理法實施條例》) provided legal framework for the establishment of drug manufacturing enterprises and drug trading enterprises as well as the drug administration. Law of the People's Republic of China on the Prevention and Treatment of Infectious Diseases (《中華人民共和國傳染病防治法》) established a planned vaccination system for the country. Vaccine Administration Law of the People's Republic of China (《中華人民共和國疫苗管理法》) (the "Vaccine Administration Law") had specific provisions on the development, production, circulation and vaccination of vaccines as well as supervision and administration.

The Drug Administration Law as promulgated by the Standing Committee of the National People's Congress (the "SCNPC") in 1984, which was subsequently amended and implemented in 2001, 2013, 2015 and 2019, and the Implementing Regulations of the Drug Administration Law as promulgated by the State Council in 2002 (amended in 2016 and 2019) have currently laid down the legal framework for the administration of pharmaceutical products including the research, development and manufacturing of new drugs. According to the Drug Administration Law, drugs referred to in this Law shall mean substances used for prevention, treatment and diagnosis of human diseases and purposeful regulation of human physiology, for which indication, usage and dosage are stipulated, including traditional Chinese medicine, chemical medicine and biological products etc. The Drug Administration Law also regulates the packaging, pricing and advertising of pharmaceutical products in the PRC.

The Prevention and Treatment of Infectious Diseases Law was passed by the 6th session of the SCNPC on February 21, 1989. It was revised several times afterward, and the latest version came into effect on June 29, 2013. It classified infectious diseases into classes A, B and C. The Prevention and Treatment of Infectious Diseases Law established the planned vaccination system of the country and implemented the vaccination certificate system for children. The vaccinations under the state immunization program are free of charge. According to No. 1 Announcement promulgated by NHC on January 20, 2020, pneumonia caused by COVID-19 was classified as infectious diseases of Class B and should be prevented and controlled as Class A infectious disease.

Vaccine Administration Law was passed by the SCNPC on June 29, 2019 and came into effect on December 1, 2019. According to the Vaccine Administration Law, "vaccines" refer to the preventive biological products used for human immunization in order to prevent and control the occurrence and prevalence of diseases, including vaccines under the immunization program and vaccines not under the immunization program.

On January 15, 2017, the General Office of State Council issued Opinions on Further Enhancing Administration of Circulation and Vaccination of Vaccines (《關於進一步加強疫苗流通和預防接種管理工作的意見》, so as to, on one hand, promote the independent R&D and quality improvement of vaccines, support the R&D and industrialization of new vaccines (especially the polyvalent vaccines), enhance the construction of industry and technology innovation strategic alliances and support the qualified vaccine R&D projects through the national scientific and technological programs (special programs, funds, etc.) and key and special scientific research projects, and on the other hand, enhance vaccine circulation process management, including regulating the collective purchase of vaccines, enhancing the vaccine cold chain distribution management and vaccine tracing management.

Domestic Clinical Trial

According to the Measures for Administration of Drug Registration (《藥品註冊管理辦法》) (the "Registration Measures") issued by NMPA on February 28, 2005 and latest amended by the State Administration for Market Regulation on January 22, 2020, which became effective on July 1, 2020, clinical trials shall be conducted when applying for new drug

application. Drug clinical trials include phase I clinical trial, phase II clinical trial, phase III clinical trial and phase IV clinical trial. Based on the characteristics of drugs and research objectives, the research contents shall include clinical pharmacology research, exploratory clinical trial, confirmatory clinical trial and post-marketing research clinical. Drug clinical trials shall be conducted by drug clinical trial organisations which satisfy the corresponding criteria and for which filing is completed pursuant to the provisions. Therein, vaccine clinical trials shall be implemented or organised by tier 3 medical institutions or disease prevention and control institutions of provincial level or above which satisfy the criteria stipulated by the NMPA and the NHC.

Where a drug clinical trial is approved, the sponsor shall, prior to conducting subsequent phases of the drug clinical trial, formulate the corresponding protocol of the drug clinical trial, carry out after review and approval by the Ethics Committee, and submit the corresponding protocol of the drug clinical trial and supporting materials on the CDE website.

According to the Registration Measures, after the completion of the pharmaceutical, pharmacological and toxicological research of the drug clinical trial, the applicant may submit relevant research materials to CDE for applying for the approval to conduct the drug clinical trial. The CDE will organise pharmaceutical, medical and other technicians to review the application and to decide whether to approve the drug clinical trial within 60 days of the date of acceptance of the application. Once the decision is made, the result will be notified to the applicant through the website of the CDE and if no notice of decision is issued within the aforementioned time limit, the application of clinical trial shall be deemed as approval.

According to the Announcement of the State Food and Drug Administration on Several Policies Concerning Drug Registration, Review and Approval (國家食品藥品監督管理總局關於藥品註冊審評審批若干政策的公告) issued by the NMPA on November 11, 2015, the application for clinical trials of new drugs shall be approved at one time, and the method of phased declaration and phased examination and approval shall no longer be adopted. After the completion of Phase I and Phase II clinical trials, the applicant shall submit the trial results and the next phase clinical trial plan in time. If no safety problems are found, it can be transferred to the next phase clinical trial after communicating with the Drug Evaluation Center of the NMPA. The applicant shall truthfully report the serious adverse events in clinical trials and submit the annual research report on time. If the safety risks of clinical trials cannot be controlled, clinical trials should be stopped immediately. The Drug Evaluation Center of the NMPA communicates with the applicant in person, and shall form a meeting minute to list the agreed matters.

According to the Announcement on Adjusting Review and Approval Procedures for Clinical Trials of Medicines (關於調整藥物臨床試驗審評審批程序的公告) issued by the NMPA on July 24, 2018, applicants should submit the first clinical trial application and application materials for new drugs in accordance with relevant requirements. The Drug Examination Center shall complete the formal review within 5 days after receiving the application materials. If it meets the requirements or the requirements after correction in accordance with the provisions, a notice of acceptance shall be issued. The acceptance notice

should state that if an applicant has not received any objections or queries from the Drug Examination Center within 60 days from the date of receipt of the payment, the applicant may conduct a clinical trial in accordance with the proposal submitted. At the beginning of the clinical trial, the applicant should log on to the portal website of the Drug Examination Center and register relevant information on the Drug Clinical Trial Registration and Information Disclosure Platform.

The NMPA and NHC jointly issued Good Clinical Practice of Pharmaceutical Products (《藥物臨床試驗質量管理規範》) (the "GCP") on April 23, 2020, to optimize clinical trials. According to the GCP, the quality management standard of drug clinical trials is the standard regulation of the whole process of clinical trials, including protocol design, organisation, implementation, monitoring, auditing, recording, analysis, summarization and reporting. The preparation of investigational drugs shall conform to the relevant requirements for good manufacturing practice of drugs for clinical trials. The use of the investigational drug shall conform to the protocol. A protocol usually includes the basic information, research background materials, purposes of the trial, trial design, methods of implementation (methods, contents, and steps), etc. On May 22, 2017, NMPA issued the Announcement of the Opinions on Handling Issues Related to Verification of Drug Clinical Trial Data (《關於藥物臨床試驗數據核查有關問題處理意見的公告》), according to which, if the clinical trial data is incomplete, ill-formed and insufficient to prove the safety and efficacy of the drug, the registration application of the drug will be rejected.

Overseas Clinical Trial

On January 30, 2015, the NMPA promulgated the Guidelines for International Multi-Center Clinical Trials of Drugs (for Trial Implementation) (《國際多中心藥物臨床試驗指南(試行)》) to guide the application, implementation and administration of international multi-center drug clinical trials in China. When the data of international multi-center drug clinical trials are used to support the drug registration applications in China, a further trend analysis concerning clinical trial data in China and Asia shall be conducted, during which the consistency of characteristics between subjects in the study and subjects in China shall be considered. The sample size of Chinese subjects shall be sufficient to evaluate and infer the safety and effectiveness and meet the requirements of statistics and relevant laws and regulations. Also, both domestic and overseas centers involved in the multi-center clinical trial are subject to on site inspection organized by PRC drug administrative departments.

According to the Opinion on Deepening the Reform of the Examination and Approval System for Encouraging Innovations of Drugs and Medical Devices issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on October 8, 2017, the clinical trial data obtained from overseas centers may be used to apply for drug registration in China if they meet the relevant requirements for the drug registration in China. If any application is filed to put a drug on the market in China for the first time, the applicant for registration shall provide the clinical trial data on racial difference, if any.

According to the Guiding Technical Principles for the Acceptance of Overseas Clinical Trial Data of Drugs (《接受藥品境外臨床試驗數據的技術指導原則的通告》) issued by NMPA on July 6, 2018, if drug registration applicants use overseas clinical trials for drug registration applications in China, all overseas clinical trial data shall be provided, rather than selectively. If drug registration applicants plan to carry out follow-up clinical research and development following the early overseas clinical trials, they shall evaluate the early clinical trial data and only after having obtained complete clinical trial data and communicated with the CDE, these data could be used to support the follow-up clinical trials.

Non-Clinical Research and Animal Testing

According to the Quality Management Standard for Non-clinical Research of Drugs (藥物非臨床研究質量管理規範) issued by the NMPA in 2003 and revised on July 27, 2017, the non-clinical safety assessment for applying for drug registration should be carried out according to the standard. On April 16, 2007, the NMPA issued the Measures for the Certification and Management of Non-clinical Drug Research Quality Management Practices (藥物非臨床研究質量管理規範認證管理辦法), which stipulates that the NMPA can evaluate the organization and management, researchers, equipment and facilities, operation and management of non-clinical projects, and evaluate whether the institution is qualified for non-clinical research. If it meets the requirements, the NMPA will issue the non-clinical research quality management standard certification.

The State Science and Technology Commission promulgated the Regulations for the Administration of Affairs Concerning Experimental Animals (實驗動物管理條例) in November 1988, which were amended by the State Council in January 2011, July 2013 and March 2017. The State Science and Technology Commission and the State Bureau of Quality and Technical Supervision jointly promulgated the Administration Measures on Good Practice of Experimental Animals (實驗動物質量管理辦法) in December 1997. The State Science and Technology Commission and other regulatory authorities promulgated the Administrative Measures on the Certificate for Experimental Animals (Trial) (實驗動物許可證管理辦法(試行)) in December 2001. All of these laws and regulations require a Certificate for Use of Laboratory Animals for performing experimentation on animals.

Approval or Filing of Human Genetic Resources

The Interim Administrative Measures on 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 Ministry of Health in June 1998, aimed at protecting and fair utilizing human genetic resources in the PRC. The Ministry of Science and Technology promulgated the Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading or 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》) in July 2015, according to which, the sampling, collection or research activities of human genetic resources by a foreign-invested sponsor fall within the scope of international cooperation, and the cooperating organization of China shall apply for approval of the China Human Genetic Resources

Management Office through the online system. The Regulations of the PRC on the Administration of Human Genetic Resources (《中華人民共和國人類遺傳資源管理條例》), promulgated by the State Council in May 2019 and came into effect in July 2019, further stipulates that in order to obtain marketing authorization for relevant drugs and medical devices in China, no approval is required in international clinical trial cooperation using China's human genetic resources at clinical institutions without export of human genetic resource materials. However, the type, quantity and usage of the human genetic resource to be used shall be filed with the administrative department of science and technology under the State Council before clinical trials. The Bo-security Law of the PRC (《中華人民共和國生物安全法》) promulgated by the SCNPC on October 17, 2020, which came into effect on April 15, 2021. The bio-security Law of the PRC reaffirms that the State shall have sovereignty over the human genetic resources and biological resources of China and also provides the regulatory requirements set out in the Administrative Regulations on Human Genetic Resources of the PRC.

Drug Registration

New Drug Registration

Pursuant to the Registration Measures, upon completion of clinical trials, the applicant may apply to the NMPA for approval of BLA and the NMPA. When applying for a drug marketing license, the applicant and the manufacturer should have obtained the corresponding drug manufacturing license. Then determines whether to approve the application according to applicable laws and regulations. Applicants must obtain a drug registration certificate before they can manufacture the drug and sell it in the PRC market.

- An applicant shall upon completion of pharmacy, pharmacology and toxicology and clinical trial of drugs, etc. to support registration of drug marketing, determination of quality standards, verification of commercial scale manufacturing process, and preparation to undergo examination and inspection for drug registration, submit an application for drug marketing authorisation, and submit the relevant research materials in accordance with the requirements for declaration materials. Upon form examination of the declaration materials, the application shall be accepted if it satisfies the requirements.

- Upon acceptance of an application for drug registration, the CDE shall conduct preliminary examination within 40 days from acceptance of the application; where there is a need to conduct examination of manufacturing premises for drug registration, it shall notify the Center for Food and Drug Inspection of the NMPA (the "CFDI") to organise examination, provide the relevant materials required for examination, and simultaneously notify the applicant as well as the drug administrative authorities of the province, autonomous region or centrally-administered municipality where the applicant or the manufacturing enterprise is located.

- Upon completion of the relevant pharmacy research to support marketing of the drug, determination of quality standards, and verification of commercial scale manufacturing process, the applicant may, prior to acceptance of the application for drug registration, apply to the NIFDC or the drug administrative authorities of the province, autonomous region or centrally-administered municipality for drug registration inspection.

- For application for registration of China-manufactured drug, where an applicant applies for drug registration inspection prior to acceptance of the application for drug registration, it shall apply to the relevant drug administrative authorities of the province, autonomous region or centrally-administered municipality for random sampling, the drug administrative authorities of the province, autonomous region or centrally-administered municipality shall organise random sampling and seal up the samples; the applicant shall deliver the list of random samples, the samples, materials required for the inspection and standard substances to the corresponding pharmaceutical inspection agency. For an application for registration of the overseas-manufactured drug, where an applicant applies for drug registration inspection prior to acceptance of the application for drug registration, it shall request for random sampling pursuant to the provisions, and deliver the samples, materials required for inspection and standard substances etc. to the NIFDC.

- Where the application is cleared by the comprehensive review, the drug shall be approved for marketing and a drug registration certificate shall be issued. Where the application is not cleared by the comprehensive review, a decision on non-approval shall be made. The drug registration certificate shall state the approval document number for the drug, the holder, information of the manufacturing enterprise, etc. A drug registration certificate for non-prescription drugs shall also state the non-prescription drug category.

Pursuant to the Registration Measures, drug registration is regulated according to the classification into Chinese medicine, chemical medicine and biological products. 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 stipulates three types of preventive biological products, of which the first category is subunit vaccines; the second category is improved vaccines; and the third category is vaccines that have been marketed at home or abroad.

Special Examination and Approval Procedure

At the time of a threat of public health emergency as well as upon occurrence of a public health emergency, the NMPA may decide pursuant to the law to implement special examination and approval for urgently needed drug required for the prevention and treatment in the public health emergency. For drug registration applications subject to special examination and approval, the NMPA shall, in accordance with the principles of "unified command, early intervention, speed and efficiency, scientific examination and approval", organise, expedite

and simultaneously conduct acceptance, review, examination, inspection of the application for drug registration. The scenarios, procedures, timeframe, requirements of special examination and approval shall comply with the provision on special examination and approval for drug.

Conditional Marketing and Emergency Use of Vaccines

With respect to a vaccine urgently needed for responding to a major public health emergency or any other vaccines urgently as determined by the competent health department under the State Council, if the benefits outweigh the risks upon assessment, NMPA may conditionally approve the vaccine registration application. For the drug which is granted conditional approval, the holder shall adopt the corresponding risk management measures following marketing of the drug, and complete the clinical trial of drugs and the relevant research within the stipulated period in accordance with the requirements, and declare via a supplementary application. Where further research requirements proposed at the time of approval for an application for vaccine registration, the holder of the vaccine shall complete research within the stipulated period. Where an extraordinarily serious public health emergency occurs or any other emergency seriously threatening the public health occurs, the competent health department under the State Council shall, based on the needs for prevention and control of infectious diseases, propose suggestions on emergency use of vaccines, and may upon, demonstration and approval by the drug administrative department under the State Council, emergently use such vaccines within a certain scope and time limit.

Drug Re-registration

The validity period of a drug registration certificate shall be five years, and the holder of the drug registration certificate shall ensure the safety, effectiveness and quality control of the marketed drug at all times during the validity period of the certificate, and apply for re-registration of drug six months before expiry of the validity period. Upon acceptance of an application for re-registration of drug, the drug administrative authorities of the province, autonomous region or centrally-administered municipality or the CDE shall examine post-marketing evaluation of the holder and adverse reaction monitoring for the drug, carry out the relevant work in accordance with the drug approval document and the requirements of the drug administrative authorities, as well as changes in the information stated in the drug approval document etc.; where the application complies with the provisions, re-registration shall be processed, and a notice on approval of re-registration of drug shall be issued. Where the application does not comply with the provisions, re-registration shall not be processed, and a request shall be submitted to the NMPA to cancel the drug registration certificate.

Drug Marketing Authorisation Holder Mechanism

The Drug Administration Law enacted the Marketing Authorisation Holder Mechanism. In accordance with the PRC Drug Administration Law, the holder of a drug registration certificate shall be the Marketing Authorisation Holder. The Marketing Authorisation Holders may by themselves manufacture and sell drugs or engage pharmaceutical manufacturing enterprise to manufacture drugs and/or pharmaceutical distribution enterprise to sell drugs.

The Marketing Authorisation Holders shall be responsible for non-clinical research, clinical trials, manufacturing and business operation, post-marketing research, adverse reaction monitoring and reporting and handling. According to the Vaccine Administration Law, a vaccine marketing authorisation holder shall establish a complete production quality management system, continuously strengthen the deviation management, and adopt information means to faithfully record all the data formed in the production and inspection process, so as to ensure that the whole production process always meets the statutory requirements. Marketing Authorisation Holders may not engage a pharmaceutical manufacturing enterprise to produce blood products, narcotic drugs, psychotropic drugs, toxic drugs for medical use, and pharmaceutical precursor chemical, except as otherwise stipulated by the drug regulatory department under the State Council.

Where the Marketing Authorisation Holder is an overseas enterprise, its designated domestic enterprise shall perform the obligations of the Marketing Authorisation Holder and jointly assume the responsibilities with the holder.

Drug Manufacturing

According to the Drug Administration Law and the Implementing Regulations of the Drug Administration Law, a drug manufacturing enterprise is required to obtain a drug manufacturing license from the relevant provincial drug administration authority of the PRC. The grant of such license is subject to an inspection of the manufacturing facilities, and an inspection to determine whether the sanitary condition, quality assurance systems, management structure and equipment meet the required standards. According to the Administrative Measures on Supervision of Pharmaceutical Manufacturing, promulgated in August 2004 and amended in November 2017 and January 2020, respectively, the drug manufacturing license is valid for five years and shall be renewed six months prior to its expiration date upon a re-examination by the relevant authority. In addition, the name, legal representative, registered address and unified social credit code specified in the drug manufacturing certificate shall be identical to that set forth in the business license as approved and issued by the industrial and commercial administrative department. According to such measures, to the extent that the Marketing Authorisation Holder does not manufacture the drug but through contract manufacturing organisation, the Marketing Authorisation Holder shall apply for drug manufacturing license with the provincial counterpart of the NMPA, subject itself to inspections and other regulatory oversight by the agency.

According to the Vaccine Administration Law, whoever engages in vaccine production activities shall be approved by the people's government at or above the provincial level drug supervision and management departments to obtain a drug production license, in addition to meeting the conditions for engaging in drug production activities as prescribed in the Drug Administration Law, also meet the following conditions:

- Having moderate scale and sufficient capacity reserves;
- Having systems, facilities and equipment for ensuring bio-safety; and
- Meeting the needs of disease prevention and control.

A vaccine marketing authorisation holder shall have the capacity for production of vaccines. If it is really necessary to entrust the production of vaccines in excess of its capacity, the vaccine marketing authorisation holder shall obtain the approval of the drug administrative department under the State Council. Where it accepts the entrustment to produce vaccines, it shall abide by the provisions of the Vaccine Administration Law and the relevant provisions of the State, so as to guarantee the quality of vaccines.

According to Good Manufacturing Practice for Drugs (《藥品生產質量管理規範》) promulgated by the MOH on January 17, 2011, the provisions are basic requirements for manufacturing and quality management of drugs. Special requirements for sterile products, biologics and blood products, etc., or the manufacturing and quality management activities, shall be separately enacted as annexes by the NMPA. Subsequently, in February 2011, the NMPA issued five annexes with detailed requirements for the manufacturing of sterile drugs, APIs, biologics, blood products and traditional Chinese medicine. On April 23, 2020, the NMPA revised the annexes of biologics, which took effect from July 1, 2020.

Sales of Vaccines and Biological Products

According to the Measures for Administration of Batch Release of Biological Products (《生物製品批簽發管理辦法》) which issued on December 13, 2002, revised by SAMR on December 11, 2020 and came into effect on March 1, 2021, and the Vaccine Administration Law, the vaccine products with marketing approval shall be subject to document review, onsite verification and sample inspection by the designated drug control institution and pass the biological product batch release approval before the marketing and sales of each batch of products. The products that fail to pass the batch release approval shall not be marketed and sold. A vaccine urgently needed for preventing and controlling epidemic situation of infectious diseases or responding to emergencies may be exempted from the batch release upon approval of the drug administrative department under the State Council.

The competent health department under the State Council shall, in concert with the finance department under the State Council and other departments, organise centralized bidding or unified negotiation to form and publish the bid-winning price or transaction price of vaccines under the state immunization program, and all provinces, autonomous regions and

municipalities directly under the Central Government shall implement centralized procurement. The procurement of vaccines under other immunization program and vaccines not under the immunization program other than those under the state immunization program shall be organised by provinces, autonomous regions and municipalities directly under the Central Government through provincial public resources trading platforms. In addition to the general requirements for suppliers under the relevant laws and regulations on government procurement, vaccine suppliers shall fulfill the required conditions according to the specific requirements of each province, autonomous region and municipality directly under the Central Government for participation in government procurement.

According to the Vaccine Administration Law, the price of vaccines shall be set reasonably and independently by the vaccine marketing authorization holder according to law. The price level, price difference rate and profit rate of vaccines shall be kept within a reasonable range. A vaccine marketing authorization holder shall, as agreed upon in the procurement contract, supply vaccines to the disease prevention and control institution.

Storage and Transportation of Vaccines

According to the Notice for Distributing Regulations on Administration of Vaccine Storage and Transportation (2017 Edition) (《關於印發疫苗儲存和運輸管理規範(2017年版)的通知》), which was promulgated by the NMPA and NHC on December 15, 2017, the vaccine marketing authorisation holder and disease prevention and control institution that distribute vaccines themselves shall have the conditions for cold chain storage and transport of vaccines or may entrust eligible vaccine distribution entities to distribute vaccines.

The disease prevention and control institution may, when distributing vaccines not under the immunization program, charge storage and transport fees. The specific measures shall be formulated by the finance department under the State Council jointly with the competent price department under the State Council, while the charging rates shall be formulated by the competent price department of the people's government of the province, autonomous region, or municipality directly under the Central Government jointly with the finance department.

The disease prevention and control institutions, the inoculation entities, the vaccine marketing authorisation holders and the vaccine distribution entities shall abide by the administrative rules on storage and transport of vaccines, so as to guarantee the quality of vaccines. The whole process of storage and transport of vaccines shall be subject to the prescribed temperature. The cold chain storage and transport shall meet the relevant requirements, and the temperature shall be regularly monitored and recorded. The administrative rules on storage and transport of vaccines shall be jointly formulated by the drug administrative department under the State Council and the competent health department under the State Council. A vaccine marketing authorisation holder shall, in accordance with the provisions, set up true, accurate and complete sales records, and preserve them for inspection for at least five years after expiry of the validity of the vaccines.

Long Term Efficacy and Safety of Vaccines and Biological Products

On March 20, 2003, the NMPA promulgated the Notice on Issuing Nine Technical Guidelines (《關於印發<預防用以病毒為載體的活疫苗製劑的技術指導原則>等9個技術指導原則的通知》), including the Technical Guidelines on Preclinical Study of Preventive DNA Vaccines (《預防用DNA疫苗臨床前研究技術指導原則》), the Technical Guidelines on the Quality Control of Recombinant DNA Products (《人用重組DNA製品質量控制技術指導原則》), the Technical Guidelines on Gene Therapy and the Quality Control of Preparation. (《人基因治療研究和製劑質量控制技術指導原則》. On October 14, 2005, the NMPA promulgated the Notice on Issuing Six Technical Guidelines (《關於印發<預防用疫苗臨床前研究技術指導原則>等6個技術指導原則的通知》), including the Technical Guidelines on Preclinical Study of Preventive Vaccines (《預防用疫苗臨床前研究技術指導原則》), which is revised on April 12, 2010, the Technical Guidelines on the Management on the Change of Production Process of Biological Products (《生物製品生產工藝過程變更管理技術指導原則》), the Technical Guidelines on the Preclinical and Clinical Studies of Combined Vaccines (《聯合疫苗臨床前和臨床研究技術指導原則》), the Technical Guidelines on the Production and Quality Control of Polypeptide Vaccines (《多肽疫苗生產及質控技術指導原則》), the Technical Guidelines on the Quality Control and Clinical Research of Combined Vaccines (《結合疫苗質量控制和臨床研究技術指導原則》), the Guiding Principles on the Grading Standard for Adverse Reactions in Clinical Trials of Preventive Vaccines (《預防用疫苗臨床試驗不良反應分級標準指導原則》), which is revised on December 26, 2019. These Guidelines specify the requirements on preclinical research, change of production process, quality control in clinical stages of vaccine to ensure its safety and efficacy.

On April 15, 2015, the NMPA issued the Technical Guiding Principles for Stability Research of Biological Products (Trial) (生物製品穩定性研究技術指導原則(試行)), which is applicable to the stability research design and result analysis of stock solution, finished product or intermediate product of biological products.

On December 9, 2019, the NMPA issued the Technical Guiding Principles for Preventive Aluminum Adjuvant Vaccines (預防用含鋁佐劑疫苗技術指導原則), which clarified the technical requirements for pharmacy, preclinical research, clinical research and post-marketing production quality control related to aluminum adjuvant vaccines.

On August 14, 2020, the CDE promulgated the Notice on Issuing Five Technical Guidelines for the Research and Development of COVID-19 Prophylactic Vaccines (for Trial Implementation) (《關於發布<新型冠狀病毒預防用疫苗研發技術指導原則(試行)>等5個指導原則的通知》), including the Technical Guidelines on research of COVID-19 Prophylactic Vaccines (for Trial Implementation) (《新型冠狀病毒預防用疫苗研發技術指導原則(試行)》)、the Technical Guidelines on Pharmaceutical Research of COVID-19 Prophylactic mRNA Vaccines (for Trial Implementation) (《新型冠狀病毒預防用mRNA疫苗藥學研究技術指導原則(試行)》)、the Technical Note for Non-clinical Validation Studies and Assessment of COVID-19 Prophylactic Vaccines (for Trial Implementation) (《新型冠狀病毒預防用疫苗非臨床有效性研究與評價技術要點(試行)》)、the Technical Guidelines on Clinical Research of COVID-19 Prophylactic Vaccines (for Trial Implementation) (《新型冠狀病毒預防用疫苗臨床

研究技術指導原則(試行)》)、the Technical Guidelines on Clinical Assessment of COVID-19 Prophylactic Vaccines (for Trial Implementation) (《新型冠狀病毒預防用疫苗臨床評價指導原則(試行)》). These guidelines provide guidance, and referable technical standards for the clinical research and development of China's COVID-19 vaccines.

Administration of Vaccines after Marketing

The vaccine marketing authorisation holder shall establish and improve the quality management system for the whole life cycle of a vaccine, formulate and implement the risk management plan after the vaccine is marketed, carry out studies after the vaccine is marketed, and further confirm the safety, effectiveness and quality controllability of the vaccine. With respect to a vaccine for which the requirements for further study are put forward when the application for registration of the vaccine is approved, the vaccine marketing authorisation holder shall complete the study within the prescribed time limit. If it fails to complete the study within the time limit or is unable to prove that the benefits outweigh the risks, the drug administrative department under the State Council shall deal with the matter in accordance with the law up to cancelation of its drug registration certificate.

The vaccine marketing authorisation holder shall continuously update the instructions and labels based on the research conducted after the vaccine is marketed and AEs Following Immunization and shall apply for approval or filing in accordance with the provisions. The drug administrative department under the State Council shall, in a timely manner, disclose the updated contents of the vaccine instructions and labels on its website.

Regulations Related to Data Security

The Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), promulgated by the SCNPC on November 7, 2016 and effective on June 1, 2017, requires network operators to adopt technical and other necessary measures to ensure security of personal data and safeguard against information leakage, damage or loss. On June 10, 2021, the SCNPC promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) (the "**Data Security Law**") which became effective on September 1, 2021. The Data Security Law provides that "data" refers to any recording of information by electronic or other means and "data processing" includes the collection, storage, use, processing, transmission, availability and disclosure of data, etc. Data processors shall establish and improve the whole-process data security management rules, organize and implement data security training as well as take appropriate technical measures and other necessary measures to protect data security. To support the implementation of the Data Security Law, on December 28, 2021, the Cyberspace Administration of China (the "**CAC**"), jointly with other 12 governmental authorities, issued the revised Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Review Measures**"), which became effective from February 15, 2022. According to the Review Measures, the online platform operators possessing personal information of more than one million users who are applying for foreign listing, shall make declaration for cybersecurity review with the Office of Cybersecurity Review. Meanwhile, the Review Measures grants the CAC and other competent authorities the right to initiate a

cybersecurity review without application, if any member organization of the cybersecurity review mechanism has reason to believe that any internet products, services or data processing activities influences or may influence national security.

On November 14, 2021, the CAC issued the Regulations on the Administration of Cyber Data Security (Consultation Draft) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Data Security Regulations**") for public comments. The Draft Data Security Regulations have set out requirements on matters such as the protection of personal information, security of important data, security management of cross-border data transfer, application for cybersecurity review and obligations of internet platform operators. According to the Draft Data Security Regulations, a data processor shall apply for a cybersecurity review if it involves the following activities: (i) the merger, reorganization or separation of internet platform operators that possess a large number of data resources related to national security, economic development or public interests, that influence or may influence national security; (ii) the data processor processing personal information of more than one million users is to be listed abroad; (iii) the data processor is to be listed in Hong Kong, which will influence or may influence the national security; (iv) other data processing activities that will influence or may influence national security. However, the Draft Data Security Regulations provides no further explanation or interpretation for "influence or may influence national security".

As a vaccine company in China, our business operation only involves limited amount of personal data and human genetic resources data in relation to the clinical trials we are conducting and such data are mainly collected by the trial site and stored and analyzed by the CRO/SMO engaged by us, the collection, storage and analysis of these data has obtained the consent of trial subjects and the approvals of relevant authorities (if applicable). During the Track Record Period and up to the date of this prospectus, we have not violated any currently effective cybersecurity laws and regulations in the PRC and have not been involved in any investigations on cybersecurity review made by CAC or any other competent authorities with respect to our business operations and have not received any enquiries, notices, warnings or sanctions in such respect. Once the Draft Data Security Regulations is implemented in its current form and the specific requirements and practical rules are clarified, based on the fact that we have not violated any currently effective cybersecurity laws and regulations in the PRC, we do not foresee any material impediments for compliance with the Draft Data Security Regulations in all material aspects.

Considering that the Draft Data Security Regulations were released for public comments only and has not come into effect as of the Latest Practicable Date, there remains uncertainty as to the impact of the Draft Data Security Regulations and it is impractical for us to predict the impact currently.

Regulations Related to Personal Information Protection

Pursuant to the Civil Code of the People's Republic of China, the personal information of an individual shall be protected. Any organization or individual shall legally obtain the personal information of any person when necessary and ensure the safety of such personal information, and shall not illegally collect, use, process or transmit such personal information, or illegally buy or sell, provide or make public such personal information. A natural person has the privacy right, and provisions on the privacy right shall apply to the private information included in personal information.

The Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), issued on 20 August 2021 by the SCNPC, provided the personal information protection system, under which in case of any personal information processing, individual prior consent must be obtained except in other circumstances stipulated therein to the contrary. Any data processing activities related to sensitive personal information are only allowed provided such activities are purpose-specified, highly necessary and strictly protected. Cross-border personal information transmission is restricted unless certain requirements in the Personal Information Protection Law have been satisfied, including security review organized by the national cyberspace department and other conditions specified by the laws, regulations and the national cyberspace department.

Regulations Related to Importation and Exportation of Goods

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001 which came into effect on January 1, 2002, the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the Standing Committee of National People's Congress, or the SCNPC, on May 12, 1994 which came into effect on July 1, 1994 and amended on April 6, 2004 and November 7, 2016, the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC, on January 22, 1987 which came into effect on July 1, 1987 and last amended on April 29, 2021, the Measures for Record Filing and Registration by Foreign Trade Dealer (《對外貿易經營者備案登記辦法》) promulgated by MOFCOM on June 25, 2004, which came into effect on July 1, 2004 and last amended on May 10, 2021 and the Administrative Provisions of the Customs of the People's Republic of China on Record-filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on November 19, 2021 which came into effect on January 1, 2022, foreign trade business operators engaging in the import or export of goods or technology must go through the record filing and registration formalities with the MOFCOM or the agency entrusted by the MOFCOM. Unless otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consignors themselves, or by entrusted customs brokers. Customs declaration entities refer to consignees or consignors of imported or exported goods or customs brokers that have filed for record with Customs. Customs declaration entities may conduct customs declaration business within the customs territory of the PRC.

Regulations Related to Foreign Investment

Since January 1, 2020, the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "Foreign Investment Law") promulgated by the National People's Congress has come into effect. The Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures and the Law of the People's Republic of China on Wholly Foreign-Owned and Law of the People's Republic of China on Sino-Foreign Cooperative Joint Ventures abolished at the same time. Since then, the Foreign Investment Law has become the basic law regulating foreign-invested enterprises wholly or partially invested by foreign investors. While the organisation form, institutional framework and standard of conduct of foreign-invested enterprises shall be subject to the provisions of the Company Law of the PRC and other laws. The PRC government will implement the management system of pre-entry national treatment and the Negative List for foreign investment abolished the original approval and filing administration system for the establishment and change of foreign-invested enterprises. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favorable than the treatment accorded to domestic investors and their investments. Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the PRC. The PRC accords national treatment to foreign investment outside of the Negative List. The current Negative List is the Special Management Measures (the "Negative List") for the Access of Foreign Investment (2021 Revision) (《外商投資准入特別管理措施(負面清單)(2021年版)》) issued by the NDRC and the MOFCOM on December 27, 2021, and came into effect on January 1, 2022 which lists the special management measures for foreign investment access for industries regulated by the Negative List, such as equity requirements and senior management requirements. In the current implementation of the negative list, the vaccine industry is not explicitly listed as a negative regulatory object.

While strengthening investment promotion and protection, the Foreign Investment Law further regulates foreign investment management and proposes the establishment of a foreign investment information reporting system that replaces the original foreign investment enterprise approval and filing system of the Ministry of Commerce. The foreign investment information reporting is subject to the Foreign Investment Information Reporting Method (《外商投資信息報告辦法》) jointly developed by the MOFCOM and the SAMR, which came into effect on January 1, 2020. According to the Foreign Investment Information Reporting Method, foreign investors who directly or indirectly carry out investment activities in China shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System and the reporting methods include initial reports, change reports, cancellation reports, and annual reports.

According to the Provisions on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) jointly issued by the Ministry of Commerce (商務部), the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), the SAT, State Administration for Industry and Commerce (國家工商行政管理總局), China Securities Regulatory Commission

(中國證券監督管理委員會) and the SAFE on August 8, 2006 and became effective on September 8, 2006 and subsequently amended on June 22, 2009, if a foreign investor (1) buys equity interest in a domestic non-foreign-invested enterprise or subscribes for capital increase in a domestic non-foreign-invested enterprise, (2) purchases and operates the assets of a domestic non-foreign-invested enterprise through the establishment of a foreign-invested enterprise, or (3) purchases the assets of a domestic non-foreign-invested enterprise, and foreign investors use such assets to set up a foreign-invested enterprise to operate such assets shall comply with the relevant laws and regulations of the PRC and complete the registration or filing procedures with the relevant authorities. In particular, any domestic company, enterprise or natural person merges or acquires a domestic company that has affiliated relationship with it through an overseas company legally established or controlled by such domestic company, enterprise or natural person must comply with the relevant foreign-invested industry policies and be subject to the approval of the MOFCOM.

Regulations Related To National Medical Insurance Program

Pursuant to the Notice of Opinion on the Diagnosis and Treatment Management, Scope and Payment Standards of Medical Service Facilities Covered by the National Urban Employees Basic Medical Insurance Scheme (《關於印發<城鎮職工基本醫療保險診療項目管理、醫療服務設施範圍和支付標準意見>的通知》) promulgated on June 30, 1999, part of the fees of diagnostic and treatment devices and diagnostic tests would be paid through the basic medical insurance scheme. Detailed reimbursement coverage and rate are subject to provincial local policies. Pursuant to the Decision 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, Opinions on the Establishment of the New Rural Cooperative Medical System (《關於建立新型農村合作醫療制度意見的通知》) issued by the General Office of the State Council on January 16, 2003, the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (《國務院關於開展城鎮居民基本醫療保險試點的指導意見》) issued by the State Council on July 10, 2007, and the Opinions on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) promulgated on January 3, 2016, all employees and residents in rural and urban areas would be involved in medical insurance program.

The General Office of the State Council released the Guidance On Further Deepening the Reform of the Payment Method of Basic Medical Insurance (《關於進一步深化基本醫療保險支付方式改革的指導意見》) in June 2017. The main objectives are to implement a diversified reimbursement mechanism including diagnosis related groups, per-capita caps, and per-bed-day caps. These new reimbursement methods will be rolled out nationwide by 2020 to replace the current reimbursement method that is based on service category and product price. Local administration of healthcare security will introduce a total budget control for their jurisdictions and decide the amount of reimbursement to public hospitals based on hospitals' performance and the spending targets of individual basic medical insurance funds.

Laws and Regulations Related to Product Liability

Pursuant to the Product Quality Law (《中華人民共和國產品質量法》) promulgated on February 22, 1993 and amended on July 8, 2000, August 27, 2009 and December 29, 2018 respectively by SCNPC, Seller shall be responsible for the repair, replacement or return of the product sold if (1) the product sold does not possess the properties for use that it should possess, and no prior and clear indication is given of such a situation; (2) the product sold does not conform to the applied product standard as carried on the product or its packaging; or (3) the product sold does not conform to the quality indicated by such means as a product description or physical sample. If a consumer incurs losses as a result of purchased product, the seller shall compensate for such losses.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and coming into effect on January 1, 2021, where a patient suffers damage due to defects in drugs, he may seek compensation from the drug marketing authorization holder or also from the medical institution. Where the patient seeks compensation from the medical institution, the medical institution, after it has made the compensation, shall have the right to recover the compensation from the liable drug marketing authorization holder.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and was amended on August 27, 2009 and October 25, 2013 to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. Under the amendments made on October 25, 2013, all business operators must pay high attention to protecting customers' privacy and must strictly keep confidential any consumer information they obtain during their business operations.

Laws and Regulations Related to Environmental Protection and Fire Prevention

Environment Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated by the SCNPC on December 26, 1989, came into effect on the same day and last amended on April 24, 2014, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Environmental Protection is authorized to issue national standards for environmental quality and emissions, and to monitor the environmental protection scheme of the PRC. Meanwhile, local environment protection authorities may formulate local standards which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

Environmental Impact Appraisal

According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998, amended on July 16, 2017 and became effective on October 1, 2017, depending on the impact of the construction project on the environment, an construction employer shall submit an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the construction employer shall, before the commencement of construction, submit the environmental impact report or the environmental impact statement to the relevant authority at the environmental protection administrative department for approval. If the environmental impact assessment documents of the construction project have not been examined or approved upon examination by the approval authority in accordance with the law, the construction employer shall not commence the construction.

According to the Environmental Impact Appraisal Law of PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on October 28, 2002, amended on July 2, 2016 and December 29, 2018, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

Pollutant Discharge Licensing

Pursuant to the Administrative Measures for Pollutant Discharge Licensing (for Trial Implementation) (《排污許可管理辦法(試行)》) promulgated on January 10, 2018 and partially revised on August 22, 2019 by the Ministry of Ecology and Environment, or the MEE, enterprises and public institutions as well as other producers and operators included in the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources shall apply for and obtain a pollutant discharge license within a prescribed time limit. Any enterprise that fails to obtain a pollutant discharge license as required shall not discharge pollutants.

According to the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the MEE on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors such as the amount of pollutants generated, the amount of emissions, the degree of impact on the environment, etc., and only pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit.

The State Council issued the Regulation on Pollutant Discharge Permit Administration (《排污許可管理條例》) on January 24, 2021 to further enhance the pollutant discharge administration. The administration on pollutant discharge units are divided into key management and simplified management pursuant to the amount of pollutant caused and discharged and the impact on the environment. The review, decision and information disclosure of pollutant discharge licenses shall be handled through the national pollutant discharge license management information platform. The pollutant discharge license is valid for 5 years and the discharging units should apply for renewal 60 days before the expiry for the continues pollutant discharge.

Acceptance Inspection on Environmental Protection Facilities

Regulations on the Administration of Construction Project Environmental Protection also requires that upon completion of construction for which an environment impact report or environment impact statement is formulated, the constructor shall conduct acceptance inspection of the environmental protection facilities pursuant to the standards and procedures stipulated by the environmental protection administrative authorities of the State Council, formulate the acceptance inspection report, and announce the acceptance inspection report pursuant to the law except for circumstances where there is a need to keep confidentiality pursuant to the provisions of the State. Where the environmental protection facilities have not undergone acceptance inspection or do not pass acceptance inspection, the construction project shall not be put into production or use.

Fire Prevention Design and Acceptance

The Fire Prevention Law of the PRC (《中華人民共和國消防法》)("the Fire Prevention Law"), was issued on April 29, 1998, then became effective on September 1, 1998 and latest amended on April 29, 2021. According to the Fire Prevention Law, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated as special development projects, the developer shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. According to Interim Regulations on Administration of Examination and Acceptance of Fire Control Design 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 of the PRC on April 1, 2020, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

Intellectual Property

Patent

The Patent Law of the People's Republic of China (《中華人民共和國專利法》) (the "Patent Law") is revised by the SCNPC on October 17, 2020 and came into effect on June 1, 2021. According to the current Patent Law, when the invention or utility model patent is granted, unless otherwise stipulated in the Patent Law, without the approval of the patent owner, no entity or person shall implement the relevant patent, that is, manufacture, use, offer to sell, sell or import the patented products for business purpose, or use the patented method and use, offer to sell, sell or import the products directly obtained with the patented method. Implementing the patent without the approval of the patent owner constitutes the infringement of patent rights. Any dispute in connection with this shall be resolved by the relevant parties through negotiation. If the relevant parties refuse to negotiate or the negotiation fails, the patent owner or the relevant stakeholders may file a lawsuit in the people's court or turn to the patent administration authorities for handling.

Pursuant to the Rules for Implementation of the Patent Law of the People's Republic of China, which was amended by the State Council on January 9, 2010 and became effective on February 1, 2010, where the entity to which a patent right is granted fails to agree with the inventor or the designer on, or to specify in its legitimately enacted company rules the way and amount of reward and remuneration specified in its rules and regulations established by law, the entity shall reward to the inventor or designer within 3 months from the announcement of granting the patent. The minimum reward for one invention patent shall not be less than RMB 3000; and the minimum reward for one utility model or design patent shall not be less than RMB 1000. The entity shall, after exploiting the patent for invention-creation within the term of the patent right, pay the inventor or designer remuneration at a percentage of not less than 2% each year from the profits generated from the exploitation of the invention or utility model patent, or at a percentage of not less than 0.2% from the profits gained from the exploitation of the design, or pay the inventor or creator a lump sum of remuneration by reference to the above percentages; where the entity to which a patent right is granted authorise other entity or individual to exploit its patent, it shall reward the inventor or designer at a percentage no less than 10% from the license and royalty fee.

Trademark

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) revised by the SCNPC on April 23, 2019 and taking effect on November 1, 2019 (the "Trademark Law"), the registered trademark has a validity period of 10 years starting from the registration date. The trademark registrant enjoys the exclusive right to use the trademark. Any dispute in connection with the activities the infringe the exclusive right to use a registered trademark set out in Article 57 of the Trademark Law shall be resolved by the relevant parties through negotiation. If the relevant parties refuse to negotiate or the negotiation fails, the trademark registrant or the relevant stakeholders may file a lawsuit in the people's court or turn to the industrial and commercial administrative department for handling.

Commercial Secrets

The Standing Committee of the Twelfth National People's Congress, which was promulgated by the Standing Committee of the National People's Congress in September 1993 and amended on November 4, 2017 and April 23, 2019, defines the commercial secrets as commercial information such as technical information and business information, which is not known to the public and has commercial value and for which the rights holder has adopted the corresponding confidentiality measures. According to the Anti-Unfair Competition Law of the People's Republic of China, acts of infringing upon trade secrets including (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 preceding subparagraph; or (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. Natural persons, legal persons and non-legal persons other than business operators committing any of the illegal acts stipulated in the preceding paragraph shall be deemed to have infringed upon commercial secrets.

Domain Names

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) which was issued by the Ministry of Information Industry on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Information Industry is responsible for supervision and administration of domain name services in the PRC. Communication administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of "first apply, first register". A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

Labor and Social Security

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) taking effect on January 1, 1995 and revised on December 29, 2018 and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) taking effect on January 1, 2008 and revised on December 28, 2012, a labor contract shall be signed when the employer establishes labor relationship with the worker. The labor contracts shall be signed in written. When agreement is reached after negotiation, labor contracts, including fixed term labor contract, open term labor contract or labor contract based on the completion of work, shall be signed, and the salary shall be no less than the local minimum wage standard. The employer and the worker shall each fully perform its/his obligations in accordance with the labor contract.

According to Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) issued by the SCNPC on October 28, 2010 and implemented on July 1, 2011 and revised on December 29, 2018, the employers shall sign labor contracts with the employees and maintain the social insurance of the employees according to law, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and birth insurance. According to Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), Regulations on Work-related Injury Insurance (《工傷保險條例》), Regulations on Unemployment Insurance (《失業保險條例》) and Provisional Measures on Birth Insurance of Employees (《企業職工生育保險試行辦法》), enterprises must provide employees with social insurance, including basic pension insurance, unemployment insurance, birth insurance, work-related injury insurance and basic medical insurance. The enterprises shall go through the social insurance registration procedures at the local social insurance agencies and pay and withhold the relevant social insurance premiums for or on behalf of the employees. Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) issued by covers the basic pension insurance, unemployment insurance, birth insurance, work-related injury insurance and basic medical insurance and sets out in detail the obligations and liabilities of the employers according to the relevant social insurance laws and regulations.

According to Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) issued by the State Council on April 3, 1999 and revised and implemented on March 24, 2019, the enterprises shall fully pay the housing provident fund contribution for the employees on time, with the contribution ratio no less than 5% of the average monthly salary of the relevant employee in the previous year. The housing provident fund contribution paid by the employees and the employers shall be owned by the employees.

Foreign Exchange

The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) (the "Regulations on Foreign Exchange Control") issued by the State Council on January 29, 1996 and implemented on April 1, 1996, which was revised on January 14, 1997 and August 5, 2008 respectively, is the key foreign exchange control regulation in force, applicable to the foreign exchange income and payment and foreign exchange operation activities of the domestic institutions and domestic individuals in China and the foreign exchange payment and collection and foreign exchange operation activities of the overseas institutions and overseas individuals in China. According to the Regulations on Foreign Exchange Control, the domestic institutions and domestic individuals are permitted to retain the foreign exchange. They are no longer subject to forced sale or settlement of foreign exchange, and their foreign exchange income may be repatriated to China or deposited overseas. For the current account foreign exchange income of the domestic enterprise, the enterprise may retain or sell to the financial institution engaged in foreign exchange settlement and sale business at its discretion according to the needs. For the current account foreign

exchange payment of the domestic enterprise, the enterprise may pay with its own foreign exchange if it has valid documents or purchase foreign exchange from the financial institution engaged in foreign exchange settlement and sale business to make payment according to the needs.

According to the Decision of the State Council on Canceling and Adjusting A Batch of Items Requiring Administrative Approval (《國務院關於取消和調整一批行政審批項目等事項的決定》) issued by the State Council on October 23, 2014, SAFE and its branches canceled the review and approval on the foreign exchange settlement for the repatriation of funds raised abroad under the overseas listed foreign capital stock account. In addition, according to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listed with the foreign exchange control bureau located at its registered address in 15 working days after the completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the prospectus and other public disclosure documents. According to the Notice of SAFE on Reforming and Standardizing Capital Account Foreign Exchange Settlement Administration Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by SAFE on June 9, 2016, it has been specified clearly in the relevant policies that, for the capital account foreign exchange income subject to voluntary foreign exchange settlement (including the repatriation of the proceeds from overseas listing), the domestic institutions may conduct the foreign exchange settlement at the banks according to their operation needs. The proportion of the capital account foreign exchange income subject to voluntary foreign exchange settlement was tentatively set as 100%, provided that SAFE may adjust the aforesaid proportion according to the international payment balance status in good time.

On October 23, 2019, the 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》) (the "Circular 28") which was implemented on the same date (except for Article 8.2, which became effective on January 1, 2020). Under Circular 28, besides foreign-invested enterprises engaged in investment business, non-investment foreign-invested enterprises are also permitted to make domestic equity investments with their capital funds under the condition that the Negative List 2019 are not violated and the relevant domestic investment projects are true and compliant.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, without the need to provide the evidential materials concerning authenticity of such capital for banks in advance, provided that their utilized capital shall be

authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct spot checks in accordance with the relevant requirements.

Pursuant to the Circular of the SAFE on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Round-tripping Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《國家外匯管理局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》), which was promulgated by the SAFE and became effective on July 4, 2014, a PRC resident shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle, or the Overseas SPV, that is directly established or controlled by the PRC resident for the purpose of conducting investment or financing. Following the initial registration, if there is any change in the basic information of the Overseas SPV, such as the PRC resident individual shareholder, name, term of business, or a significant change such as increase or reduction of capital contribution, equity transfer or exchange by the PRC resident individual, merger or division, foreign exchange registration change formalities shall be promptly completed with the foreign exchange bureau. Pursuant to the Circular of the SAFE on Further Simplifying and Improving the Direct Investment Related Foreign Exchange Administration Policies (《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》), which was promulgated on February 13, 2015 and became effective on June 1, 2015, the above mentioned registration will be handled directly by the bank that has obtained the financial institution identification codes issued by the foreign exchange regulatory authorities and has opened the capital account information system at the foreign exchange regulatory authorities in the place where it is located and the foreign exchange regulatory authorities shall perform indirect regulation over the direct investment related foreign exchange registration via banks.

Tax

Enterprise Income Tax

According to the Corporate Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), which was promulgated on March 16, 2007, came into effect on January 1, 2008 and amended by the SCNPC on February 24, 2017 and December 29, 2018, and Implementation Regulations for the Corporate Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council on December 6, 2007 and came into effect on January 1, 2008, and amended by the State Council on April 23, 2019 and came into effect on the same date, all the domestic enterprises in China (including foreign-invested enterprises) shall be subject to enterprise income tax at the uniform tax rate of 25%, except for the high-tech enterprises provided by the state, which will be subject to enterprise income tax at the reduced rate of 15%, or the qualified small low-profit enterprises, which will enjoy the reduced enterprise income tax rate of 20%.

Value-added Tax

The Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例》), which was promulgated on December 13, 1993, came into effect on January 1, 1994, and last amended on November 19, 2017, and the Detailed Implementing Rules of the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例實施細則》), which was promulgated on December 25, 1993 and came into effective on the same date, and was amended on December 15, 2008 and October 28, 2011, came into effect on November 1, 2011 set out that all taxpayers selling goods or providing processing, repairing or replacement services, sales of services, intangible assets and immovable assets and importing goods in China shall pay a value-added tax. A tax rate of 17% shall be levied on general taxpayers selling goods and services, leasing of tangible movable assets or importing goods whereas the applicable rate for the export of goods by taxpayers shall be nil, unless otherwise stipulated. According to the Notice of the Ministry of Finance and the SAT 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》) issued on April 4, 2018 and became effective on May 1, 2018, the deduction rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. According to the Notice of the Ministry of Finance, the SAT and the General Administration of Customs on Relevant Policies for Deepening Value Added Tax Reform (《關於深化增值税改革有關政策的公告》) issued on March 20, 2019 and became effective on April 1, 2019, the VAT rate was reduced to 13% and 9%, respectively.

Employee Stock Incentive Plan

According to 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, which was promulgated by SAFE on February 15,2012, PRC citizens or non-PRC citizens residing in China for a continuous period of no less than one year (except for foreign diplomatic personnel in China and representatives of international organizations in China) who participate in any stock incentive plan of an overseas publicly listed company shall, through the domestic company to which the said company is affiliated, collectively entrust a domestic agency (may be the Chinese affiliate of the overseas publicly listed company which participates in stock incentive plan, or other domestic institutions qualified for asset trust business lawfully designated by such company) to handle foreign exchange registration, and entrust an overseas institution to handle issues like exercise of options, purchase and sale of corresponding stocks or equity, and transfer of corresponding funds. In addition, the domestic agency is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan. Moreover, pursuant to the Circular of the SAFE on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Round-tripping Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles, PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with local branches of SAFE before exercising rights.

NEW ZEALAND LAWS AND REGULATIONS

The approval process for clinical trials in New Zealand is administered by New Zealand Medicines and Medical Devices Safety Authority (Medsafe). The New Zealand Health and Disability Ethics Committee administers the ethics approval system, which applies to all clinical trials conducted in New Zealand. Approvals under other legislation may be required for clinical trials using certain types of medicines. All clinical trials in New Zealand are expected to be conducted in accordance with internationally accepted Good Clinical Practice standards.

Medicines Act requires that clinical trials involving new medicines must be approved by the Director-General of Health. This requirement applies to all types of clinical trials of new medicines, including pharmacokinetic, bioequivalence and first-in-human studies. The application and approval procedure is described as follow:

- An application is received at Medsafe, which forwards the application to the Health Research Council of New Zealand (HRC).

- A committee of the HRC considers the application.

- The HRC makes a recommendation to the Director-General on the clinical trial application. The HRC maintains two standing committees to consider clinical trial applications and make recommendations to the Director-General.

- The applicant is issued approval, provisional approval or a decline letter by Medsafe based on the HRC recommendation, under authority delegated from the Director-General of Health.

Medsafe administers a Clinical Trial Site Notification scheme covering sites which have study participants in residence while the clinical trial medicines are administered. The notification is site-specific and confirms the site's procedures for dealing with any emergencies arising from a clinical trial. It is completed by the person responsible for the site and should be updated whenever the information in the original notification form is changed.

All clinical trials are expected to be conducted in accordance with the internationally accepted standards set out in the CHMP guidance document published by the EMA. The CHMP GCP guideline set out the obligations of the applicant, sponsor, investigator and monitor in clinical trials. In contrast, the Medicines Act uses the terms applicant and investigator, but does not refer to a sponsor or monitor.

- The CHMP GCP guideline defines sponsor as an individual, company, institution or organisation which takes responsibility for the initiation, management and/or financing of a clinical trial.

- The principal investigator is the person with overall responsibility for the conduct of the clinical trial in New Zealand. There is only one principal investigator for a trial, regardless of the number of trial sites involved.

Abbreviated Clinical Trial Approval Process

MEDSAFE operates an abbreviated approval process for eligible clinical trial applications. To be eligible for the abbreviated approval process the application must be for a clinical trial that meets the following criteria:

- The clinical trial is a bioequivalence study that utilizes an investigational product that contains the same active pharmaceutical ingredient included in a medicine that is approved for distribution in New Zealand;

- The proposed route of administration for the investigational product is the same as that for the approved medicine; and

- The proposed dosage for the investigational product is within the recommended dosage range for the approved medicine.

Approvals for eligible clinical trials will be issued by MEDSAFE within five working days after the application is submitted.

OVERVIEW

We are a vaccine company with a high-value vaccine portfolio driven by in-house developed technologies. Our vaccine portfolio consists of 12 subunit vaccines, including our Core Product, the REC603, a recombinant HPV 9-valent vaccine under phase III clinical trial.

The history of our Group can be traced back to March 2011, when Dr. Liu established Beijing ABZYMO with LI Dingfeng (李鼎鋒), a member of the then vaccine R&D team, in Beijing as our first operating entity.

In May 2012, Jiangsu Rec-Biotechnology Co., Ltd. (江蘇瑞科生物技術有限公司) ("**Jiangsu Recbio**"), the predecessor of our Company prior to conversion into a joint stock company under the PRC laws, was established in Taizhou. Beijing ABZYMO has established close collaboration with Jiangsu Recbio in R&D shortly after our Company was established. A cooperation agreement was entered into between Beijing ABZYMO and Jiangsu Recbio in June 2012 to jointly develop HPV Preventive Vaccine (Recombinant *H. polymorpha*) (the "**Cooperation Agreement**"). Pursuant to the Cooperation Agreement, Beijing ABZYMO positioned itself as a technology platform with core R&D capabilities, and granted exclusive licence to Jiangsu Recbio for the use of related technology under patent application. Jiangsu Recbio was responsible for, among others, supplying GMP-standard manufacturing facilities and equipment for process scale-up of vaccines. All intellectual property rights in respect of strains, vaccine seeds storage, vaccine production processes of HPV Preventive Vaccine (Recombinant *H. polymorpha*), including but not limited to right of patent application, patent enforcement right, technology secrets and right to apply for clinical research, shall be jointly owned by Beijing ABZYMO and Jiangsu Recbio, each sharing 50% interests. The IND approval that may be obtained for HPV Preventive Vaccine (Recombinant *H. polymorpha*) shall be in joint names, each sharing 50% interests. The economic interests derived from the IND approval shall be shared by Beijing ABZYMO and Jiangsu Recbio at the ratio of 1:1. The costs and expenses arising from performance of the respective roles and responsibilities under the Cooperation Agreement were borne by Beijing ABZYMO and Jiangsu Recbio themselves, and there are no payment terms in the Cooperation Agreement. The contract period of the Cooperation Agreement was set to be 20 years, while Jiangsu Recbio and Beijing ABZYMO mutually agreed not to further enforce the terms of the Cooperation Agreement after the acquisition of Beijing ABZYMO by the Company in January 2019.

The cooperation was marked with initial success when IND applications for recombinant bivalent HPV-16/18 vaccine (*H. polymorpha*), recombinant bivalent HPV-6/11 vaccine (*H. polymorpha*) and recombinant 9-valent HPV vaccine (*H. polymorpha*) were lodged in 2015, 2016 and 2017, respectively, in joint names of Beijing ABZYMO and Jiangsu Recbio. Cooperation in R&D efforts between Beijing ABZYMO and Jiangsu Recbio continued to thrive. All of our self-developed product candidates, including those developed ones prior to the acquisition of Beijing ABZYMO in January 2019 are co-developed and co-owned by Beijing ABZYMO and Jiangsu Recbio. R&D source is from Beijing ABZYMO and Jiangsu Recbio is mainly responsible for process scale-up and industrialization of vaccines.

To further enhance the R&D collaboration of Beijing ABZYMO and Jiangsu Recbio in the development of vaccines, as well as to leverage the synergistic effect on an integrated technology platform, corporate restructuring was contemplated in the second half of 2018 with a view to consolidate Beijing ABZYMO and Jiangsu Recbio under the same corporate group. Immediately before the corporate restructuring, the Company was owned by CHEN Xu, Hongxun ABZYMO Nantong Equity Investment Center (Limited Partnership) (弘訊安百勝南通股權投資中心(有限合夥)) ("**Hongxun ABZYMO**"), Taizhou Ruichang Medical Technology Centre (Limited Partnership) (泰州瑞長醫療科技中心(有限合伙)) ("**Taizhou Ruichang**"), Nanjing Haitai Biotechnology Partnership (Limited Partnership) (南京海泰生物技術有限合夥企業(有限合夥)) ("**Nanjing Haitai**"), WANG Jincheng (王晉成) and YU Rong (俞熔) as to 37.95%, 20.14%, 18.05%, 12.60%, 10.00% and 1.26%, respectively. During the corporate restructuring, Dr. Liu first invested in our Company in January 2019. In January 2019, our Company acquired the entire equity interests in Beijing ABZYMO. Upon completion of the acquisition, Beijing ABZYMO is wholly-owned by our Company. Details of the acquisition are set out in the paragraph headed "Acquisition of Beijing ABZYMO." The Company was chosen as the proposed listing vehicle due to, among others, the more favourable policy in Taizhou for biotech companies, including relevant industry government subsidies.

Dr. Liu has over 23 years of technical and management experience in the field of novel vaccines. See "Directors, Supervisors and Senior Management" section in this prospectus for the relevant industry experience of Dr. Liu.

MILESTONES

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

2011	Beijing ABZYMO, our first operating entity, was established.
2012	Our Company was established and commenced operation in the Vaccine Engineering Center of China Medical City in Taizhou.
	Our Company and Beijing ABZYMO entered into a cooperation agreement on HPV Preventive Vaccine (Recombinant *H. polymorpha*).
2015	We submitted IND application for recombinant bivalent HPV-16/18 vaccine (*H. polymorpha*), namely REC601.
2016	We initiated R&D of recombinant HZ vaccines and establishment of adjuvant platform.
	We submitted IND application for recombinant bivalent HPV-6/11 vaccine (*H. polymorpha*), namely REC602.

2017	We obtained clinical trial approval for REC601.
	We submitted IND application for recombinant HPV 9-valent vaccine (*H. polymorpha*), namely REC603.
2018	We obtained clinical trial approval for REC602.
	We obtained clinical trial approval for REC603.
2019	We acquired the entire equity interests in Beijing ABZYMO.
	We completed Series A financing.
	We initiated phase I clinical trial for REC603.
2020	We commenced construction of RecBio HPV vaccine industrialization project manufacturing facilities.
	We completed Series B financing.
	We commenced COVID-19 vaccine industrialization project.
	We completed phase I clinical trial for REC603.
	We initiated phase I clinical trial for REC601.
2021	We completed Series B+ financing and Series C financing.
	We initiated phase III clinical trial for REC603.
	We initiated phase I clinical trial for ReCOV in New Zealand.
2022	We obtained the clinical trial approval from the Philippines FDA to conduct the global phase II/III trial for ReCOV and initiated subject enrollment in the Philippines.

ESTABLISHMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Establishment of Our Company

Our Company was established in Taizhou as a limited liability company on May 18, 2012 with an initial registered capital of RMB5 million and was principally engaged in the process scale-up of the HPV vaccines upon its establishment. At the time of establishment, our Company was owned by CHEN Xu (陳旭), ZHANG Yi (張毅), BI Wanhua (畢萬華) and YU Rong (俞熔) as to 34%, 32%, 32% and 2%, respectively. Each of the then Shareholders of the Company is an Independent Third Party.

Among these Shareholders, CHEN Xu, ZHANG Yi and BI Wanhua are individual investors without specific experience in the biotech or healthcare sectors, and YU Rong[(1)] is the chairman of the board of directors and general manager of Meinian Onehealth Healthcare Holdings Co., Ltd. (美年大健康產業控股股份有限公司, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002044)) having extensive experience in healthcare sector. As confirmed by Dr. Liu, Dr. Liu acquainted with these Shareholders through Dr. Liu Hongyan (劉紅岩), being an investor of Beijing ABZYMO through Jiangsu Mingyuan and an existing shareholder of the Company interested in an aggregate of approximately 0.97% equity interest in the Company. Dr. Liu Hongyan also holds 36.56% partnership interests in Shanghai Chaorui Medical Technology Partnership (Limited Partnership) (上海超瑞醫藥科技合夥企業)[(2)] ("**Shanghai Chaorui**") as limited partner, and Shanghai Chaorui held 8.34% equity interests in the Company. Each of these Shareholders of the Company did not have any role and involvement in the business of Beijing ABZYMO at that time.

Each of CHEN Xu, Zhang Yi, BI Wanhua and YU Rong was an individual investor and they disposed their interests according to their investment strategy, and set forth below are the dates for the disposals of their interests in the Company:

- On August 30, 2017, CHEN Xu transferred 3.42% equity interests in the Company to Taizhou Ruifu Medical Technology Co., Ltd. (泰州瑞富醫藥科技有限公司) which is wholly owned by YU Yue (于躍). On January 4, 2019, CHEN Xu transferred 24.60% equity interests in the Company to Taizhou Xinrui Medical Technology Partnership (Limited Partnership) (泰州新瑞醫藥科技合夥企業(有限合夥)) ("**Taizhou Xinrui**") (currently known as Shanghai Chaorui), which is managed by YU Yue as general partner with Dr. LIU Hongyan holding the largest limited partnership interest. On August 1, 2019, CHEN Xu transferred 0.60% equity interests in the Company to Lhasa Chenzhixu Commercial Center (拉薩晨之旭商貿中心), which is wholly owned by him. On August 10, 2019, Lhasa Chenzhixu Commercial Center transferred 0.60% equity interests in the Company to Dr. LIU Hongyan. After the aforesaid equity transfers, CHEN Xu does not hold any equity interests in the Company.

- On November 14, 2016, ZHANG Yi transferred all of his 28.78% equity interests in the Company to LI Zhaoyuan (李兆元). After the aforesaid equity transfer, ZHANG Yi does not hold any equity interests in the Company.

Notes:

(1) As of the Latest Practicable Date, (i) YU Rong was interested in 0.22% of equity interest of the Company through Jiangsu Zhongwei Tengyun Venture Capital Investment Management Co., Ltd. (江蘇中衛騰雲創業投資管理有限公司) ("**Jiangsu Zhongwei Tengyun**"); (ii) he held 1.89% partnership interest in Shanghai Chaorui as a limited partner since its establishment in July 2018, and Shanghai Chaorui held 8.34% equity interests in the Company; (iii) he is interested in more than 5% shareholding interests in Meinian Onehealth Healthcare Holdings Co., Ltd. through his controlled entity, the details of which are set out in "Information about the Pre-IPO Investors – Meinian Onehealth" in this section.

(2) As of the Latest Practicable Date, the general partner of Shanghai Chaorui was YU Yue (于躍) who held approximately 10.48% partnership interest. Shanghai Chaorui has seven limited partners, the largest of which is Dr. Liu Hongyan. Apart from Dr. Liu Hongyan and YU Yue, there were two other ultimate beneficial owners who were interested in more than 10% partnership interest of Shanghai Chaorui, namely JIANG Zhaoxi (蔣召喜) and FENG Xuejiao (馮雪姣).

- On November 20, 2014, BI Wanhua transferred all his 12% and 20% equity interests in the Company to CHEN Xu and Jiangsu Haitai Saisi Investment Co., Ltd. (江蘇海泰賽斯投資有限公司) which is ultimately controlled by JIANG Zhaoxi (蔣召喜), an Independent Third Party, respectively. After the aforesaid equity transfers, BI Wanhua does not hold any equity interests in the Company.

- On August 30, 2017, YU Rong transferred 0.54% equity interests in the Company to Taizhou Ruifu Medical Technology Co., Ltd. (泰州瑞富醫藥科技有限公司) which is wholly owned by YU Yue. On January 7, 2019, YU Rong transferred approximately 1.26% equity interests in the Company to Taizhou Yuangong.

Collaboration with Beijing ABZYMO and corporate restructuring

Beijing ABZYMO has established close collaboration with our Company in R&D shortly after our Company was established. The Cooperation Agreement was entered into between Beijing ABZYMO and Jiangsu Recbio in June 2012 to jointly develop HPV Preventive Vaccine (Recombinant *H. polymorpha*). To further enhance the R&D collaboration of Beijing ABZYMO and Jiangsu Recbio in the development of vaccines, as well as to leverage the synergistic effect on an integrated technology platform, corporate restructuring was contemplated in the second half of 2018 with a view to consolidate Beijing ABZYMO and Jiangsu Recbio under the same corporate group. Immediately before the corporate restructuring, the Company was owned by CHEN Xu, Hongxun ABZYMO, Taizhou Ruichang, Nanjing Haitai, Wang Jincheng (王晉成) and YU Rong (俞熔) as to 37.95%, 20.14%, 18.05%, 12.60%, 10.00% and 1.26%, respectively.

In January 2019, Taizhou Yuangong, CHEN Jindi and Dr. Liu, all of which were the then owners of Beijing ABZYMO, acquired 52.32%, 8.88% and 7.73% of the equity interests in our Company from certain then existing shareholders of our Company, respectively. It was the first time Dr. Liu invested in the Company. Thereafter, all the then shareholders of our Company subscribed an aggregate of RMB11,033,000 worth newly issued share capital according to their then shareholding proportion ratio. As part of corporate restructuring, our Company acquired the entire equity interest in Beijing ABZYMO in January 2019. For details, please refer to subsection "acquisition of Beijing ABZYMO" in this section. Immediately after the corporate restructuring and the subscription of increased share capital in January 2019, the shareholding structure of our Company was as follows:

Shareholders	**Registered capital**	**Shareholding percentage**
	(RMB)	*(%)*
Taizhou Yuangong	8,681,117.46	52.319527
Taizhou Xinrui	4,082,344.08	24.603550
CHEN Jindi (陳錦棣)	1,474,043.24	8.883792
Dr. Liu	1,282,864.45	7.731592
WANG Jincheng (王晉成)	515,540.19	3.107068
CHEN Xu (陳旭)	177,097.00	1.067332
YU Yue (于躍)	126,497.86	0.762380
Nanjing Haitai	126,497.86	0.762380
Hongxun ABZYMO	126,497.86	0.762380
Total	**16,592,500.00**	**100.000000**

Series A Financing

Subscription of increased registered capital in series A financing

Pursuant to a capital contribution agreement dated January 24, 2019 entered into among the following series A investors and all our then Shareholders, the series A investors agreed to subscribe the increased registered capital of RMB12,763,461.53 of our Company at an aggregate consideration of RMB500 million. The respective subscription amount and consideration paid by the subscribers in series A financing were as follow:

Subscribers	**Registered capital subscribed for**	**Consideration paid**
	(RMB)	*(RMB)*
China Resources Pharmaceutical (Shantou) Industry Investment Fund Partnership (Limited Partnership) (華潤醫藥(汕頭)產業投資基金合夥企業(有限合夥)) ("**CR Pharmaceutical**")	6,330,676.92	248,000,000
Nanjing Zhaoyin Modern Industry No. II Equity Investment Fund (Limited Partnership) (南京招銀現代產業貳號股權投資基金(有限合夥)) ("**Zhaoyin Modern**")	3,026,216.73	118,550,000
Shenzhen Fuhai Xincai Phase II Venture Capital Fund Partnership (Limited Partnership) (深圳市富海新材二期創業投資基金合夥企業(有限合夥)) ("**Fuhai Xincai Phase II**")	2,552,692.31	100,000,000
Taizhou China Pharmaceutical City Class I New Drug R&D Investment Fund Partnership (Limited Partnership) (泰州中國醫藥城一類新藥研發投資基金合夥企業(有限合夥)) ("**Taizhou New Drug Fund**")	765,807.69	30,000,000
Shenzhen Zhaoyin Gongying Equity Investment Partnership (Limited Partnership) (深圳市招銀共贏股權投資合夥企業(有限合夥)) ("**Shenzhen Zhaoyin Gongying**")	37,014.04	1,450,000
TANG Yanfa (唐燕發)	25,526.92	1,000,000
LIU Hui (劉輝)	25,526.92	1,000,000
Total	**12,763,461.53**	**500,000,000**

Transfer of registered capital in series A financing

Pursuant to an equity transfer agreement dated August 7, 2019 entered into among the following series A investors and our then Shareholders set forth below, the relevant series A investors agreed to acquire registered capital of our Company in a total amount of RMB3,702,540.60 at an aggregate consideration of RMB145,044,531.70. The respective transfer amount and consideration paid by the transferees in series A financing were as follow:

Transferees	**Transferors**	**Registered capital acquired**	**Consideration**
		(RMB)	*(RMB)*
Shenzhen Yingkejin Investment Management Partnership (Limited Partnership) (深圳盈科進投資管理合夥企業(有限合夥)) ("**Shenzhen Yingkejin**")	CHEN Jindi	1,340,163.46	52,500,000.00
Jiangsu Jiequan Zhongwei Tengyun Medical Health Industry Fund (Limited Partnership) (江蘇聯泉中衛騰雲醫藥健康產業投資基金(有限合夥)) ("**Jiequan Zhongwei**")	Lhasa Wenzhili Commercial Center (拉薩文之力商貿中心)	893,442.31	35,000,000.00
Ningbo Merishan Bonded Port Area Haojin Zhitong Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區浩金致同股權投資合夥企業(有限合夥)) ("**Haojin Zhitong**")	WANG Jincheng	515,540.19	20,195,939.40
	Lhasa Wenzhili Commercial Center	134,152.91	5,255,349.92
	CHEN Jindi	133,879.78	5,244,650.08
YUN Ruilin (員瑞林)	Lhasa Wenzhili Commercial Center	255,269.23	10,000,000.00
LIU Hongyan (劉紅岩)	Lhasa Chenzhixu Commercial Center (拉薩晨之旭商貿中心)	177,097.00	6,937,655.68
Nanjing Xinrui Technology Partnership (Limited Partnership) (南京新睿科技合夥企業(有限合夥))	Nanjing Haitai	126,497.86	4,955,468.31
ZHAO Jiayi (趙嘉藝)	Lhasa Yuzhiyue Commercial Center (拉薩魚之躍商貿中心)	126,497.86	4,955,468.31

Upon completion of the series A financing, our Company was owned by Taizhou Yuangong, Taizhou Xinrui, Hongxun ABZYMO and investors in series A financing as to approximately 29.57%, 13.91%, 0.43% and 56.09%, respectively. The registered capital of the Company increased from RMB16,592,500.00 to RMB29,355,961.53.

Series B Financing

Transfer of registered capital in series B financing

Pursuant to an equity transfer agreement dated October 19, 2020 entered into among the following series B investors and our then Shareholders set forth below, the relevant series B investors agreed to acquire registered capital of our Company in a total amount of RMB8,368,150.82 at an aggregate consideration of RMB855,173,912. The respective transfer amount and consideration paid by the transferees in series B financing were as follow:

Transferees	Transferors	Registered capital acquired	Consideration
		(RMB)	*(RMB)*
Beijing Junlian Shengyuan Equity Investment Partnership (Limited Partnership) (北京君聯晟源股權投資合夥企業(有限合夥)) ("**Junlian Shengyuan**")	CR Pharmaceutical	2,152,770.51	220,000,000
Zhuhai Junlian Yongshuo Equity Investment Enterprise (Limited Partnership) (珠海君聯永碩股權投資企業(有限合夥)) ("**Junlian Yongshuo**")	CR Pharmaceutical	1,272,091.67	130,000,000
Shenzhen Sequoia Hanchen Equity Investment Partnership (Limited Partnership) (深圳市紅杉瀚辰股權投資合夥企業(有限合夥)) ("**Sequoia Hanchen**")	CR Pharmaceutical	1,076,385.25	110,000,000
Shanghai Jixuan Enterprise Management Consulting Partnership (Limited Partnership) (上海濟軒企業管理諮詢合夥企業(有限合夥)) ("**Shanghai Jixuan**")	CR Pharmaceutical	792,610.96	81,000,000
Wuhan Chengyelian Equity Investment Enterprise (Limited Partnership) (武漢成業聯股權投資企業(有限合夥)) ("**Wuhan Chengyelian**")	Zhaoyin Modern	547,977.95	56,000,000
Ganzhou Haojin Zhiyuan Equity Investment Center (Limited Partnership) (贛州浩金致遠股權投資中心(有限合夥)) ("**Ganzhou Haojin Zhiyuan**")	CR Pharmaceutical	489,266.03	50,000,000
Haitong Innovative Securities Investment Co., Ltd. (海通創新證券投資有限公司) ("**Haitong Innovative**")	Fuhai Xincai Phase II	489,266.03	50,000,000
Liuyang Woyang Health Industry Investment Partnership (Limited Partnership) (瀏陽沃陽健康產業投資合夥企業(有限合夥)) ("**Woyang Health**")	Zhaoyin Modern	459,910.06	47,000,000
Shanghai Jiyue Enterprise Management Partnership (Limited Partnership) (上海濟玥企業管理合夥企業(有限合夥)) ("**Shanghai Jiyue**")	CR Pharmaceutical	381,627.50	39,000,000
Nanjing Tsingsong Medical Health Industry Investment Partnership (Limited Partnership) (南京清松醫療健康產業投資合夥企業(有限合夥)) ("**Tsingsong Medical**")	Fuhai Xincai Phase II	244,633.01	25,000,000
Shenzhen Tsingsong Chengtou Investment Partnership (Limited Partnership) (深圳清松城投投資合夥企業(有限合夥)) ("**Tsingsong Chengtou**")	Fuhai Xincai Phase II	244,633.01	25,000,000
WO Jiuhua (沃九華)	CR Pharmaceutical	165,925.00	16,956,522
	TANG Yanfa	25,526.92	2,608,695
Dr. Liu	LIU Hui	25,526.92	2,608,695

Subscription of increased registered capital in series B financing

Pursuant to a capital contribution agreement dated November 2, 2020 entered into among the following series B investors and all our then Shareholders, the series B investors agreed to subscribe the increased registered capital of RMB6,712,729.87 of our Company at an aggregate consideration of RMB686 million. The respective subscription amount and consideration paid by the subscribers in series B financing were as follow:

Subscribers	Registered capital subscribed for	Consideration paid
	(RMB)	*(RMB)*
LYFE Niagara River Limited ("**LYFE**")	1,663,504.49	170,000,000
SCC Growth VI Holdco C (HK) Limited	1,076,385.26	110,000,000
Shenzhen Fuhai Juanyong II Venture Capital Investment Partnership (Limited Partnership) (深圳富海雋永二號創業投資企業(有限合夥)) ("**Fuhai Juanyong II**")	1,076,385.26	110,000,000
Xiangfeng (Xiamen) Investment Partnership (Limited Partnership) (祥峰(廈門)投資合夥企業(有限合夥)) ("**Xiangfeng Xiamen**")	782,825.64	80,000,000
Suzhou Industrial Park Xinjianyuan Phase III Venture Capital Enterprise (Limited Partnership) (蘇州工業園區新建元三期創業投資企業(有限合夥)) ("**Xinjianyuan Phase III**")	489,266.02	50,000,000
Healthy Prestige Limited ("**Healthy Prestige**")	489,266.02	50,000,000
Maanshan Lingnuo Jishi Equity Investment Partnership (Limited Partnership) (馬鞍山領諾基石股權投資合夥企業(有限合夥)) ("**Lingnuo Jishi**")	293,559.62	30,000,000
Shenzhen Qianhai Kekong Fuhai Youxuan Venture Capital Partnership (Limited Partnership) (深圳市前海科控富海優選創業投資合夥企業(有限合夥)) ("**Fuhai Youxuan**")	195,706.41	20,000,000
Jiangsu Taizhou Guangkong Industrial Investment Partnership (Limited Partnership) (江蘇泰州光控產業投資合夥企業(有限合夥)) ("**Taizhou Guangkong**")	195,706.41	20,000,000
Suzhou Ruishi Nisheng Equity Investment Center (Limited Partnership) (蘇州睿石尼盛股權投資中心(有限合夥)) ("**Suzhou Ruishi**")	195,706.41	20,000,000
Woyang Health	156,565.13	16,000,000
Shenzhen Nanshan OFC Small and Medium Sized Venture Capital Investment Partnership (Limited Partnership) (深圳南山東方富海中小微創業投資基金合夥企業(有限合夥)) ("**OFC Small and Medium**")	97,853.20	10,000,000
Total	**6,712,729.87**	**686,000,000**

Upon completion of the series B financing, our Company was owned as to approximately 24.07%, 19.89%, 11.32%, 0.35%, 0.07% and 44.30% by Taizhou Yuangong, investors in series B financing, Taizhou Xinrui, Hongxun ABZYMO, Dr. Liu and other shareholders, respectively. The registered capital of our Company increased from RMB29,355,961.53 to RMB36,068,691.40.

Series B+ Financing

Transfer of registered capital in series B+ financing

Pursuant to an equity transfer agreement dated in March 2021 entered into among series B+ investors and our then Shareholders set forth below, the series B+ investors agreed to acquire registered capital of our Company in a total amount of RMB1,336,566.95 at an aggregate consideration of RMB176,016,727. The respective transfer amount and consideration paid by the investors in series B+ financing were as follow:

Transferees	Transferors	Registered capital purchased	Consideration
		(RMB)	*(RMB)*
Junlian Shengyuan	Lianyungang Ruiwen Shibole Biology Technology Partnership (Limited Partnership) (連雲港睿文詩播樂生物技術合夥企業) ("**Lianyungang Ruiwen Shibole**") (Note)	174,648.40	23,000,000.00
Shanghai Jiyue	Lianyungang Ruiwen Shibole	121,494.54	16,000,000.00
Changsha Woyang II Health Industrial Investment Partnership (Limited Partnership) (長沙沃陽二期健康產業投資合夥企業(有限合夥)) ("**Woyang II**")	Lianyungang Ruiwen Shibole	106,307.72	14,000,000.00
Shanghai Jinru Cultural Development Co., Ltd. (上海金儒文化發展有限公司) ("**Shanghai Jinru**")	Taizhou Yuangong	290,221.68	38,220,210.39
Taizhou Xinchuanlv Enterprise Management Partnership (Limited Partnership) (泰州薪傳律企業管理合夥企業(有限合夥)) ("**Xinchuanlv**")	Taizhou Yuangong	105,535.15	13,898,257.47
Sequoia Hanchen	Lianyungang Ruiwen Shibole	105,535.16	13,898,258.78
Nanjing Zhenyuan III Equity Investment Partnership (Limited Partnership) (南京甄遠叁號股權投資合夥企業(有限合夥)) ("**Nanjing Zhenyuan**")	Lianyungang Ruiwen Shibole	91,120.91	12,000,000.00
Shenzhen Fuhai Juanyong III Venture Capital Investment Enterprise (Limited Partnership) (深圳富海雋永三號創業投資企業(有限合夥)) ("**Fuhai Juanyong III**")	Lianyungang Ruiwen Shibole	91,120.90	12,000,000.00
Shenzhen Fuhai Youxuan II High Technology Venture Capital Partnership (Limited Partnership) (深圳市富海優選二號高科技創業投資合夥企業(有限合夥)) ("**Fuhai Youxuan II**")	Lianyungang Ruiwen Shibole	56,950.57	7,500,000.00
Ganzhou Haojin Zhiyuan	Lianyungang Ruiwen Shibole	56,950.57	7,500,000.00
Jiangsu Zhongwei Tengyun	Lianyungang Ruiwen Shibole	53,153.86	7,000,000.00
Xinjianyuan Phase III	Lianyungang Ruiwen Shibole	37,967.04	5,000,000.00
Tsingsong Medical	Lianyungang Ruiwen Shibole	18,983.52	2,500,000.00
Tsingsong Chengtou	Lianyungang Ruiwen Shibole	9,491.76	1,250,000.00
Suzhou Ruishi	Lianyungang Ruiwen Shibole	9,491.76	1,250,000.00
		7,593.41	1,000,000.00

Note: On March 25, 2021, Lianyungang Ruiwen Shibole subscribed an amount of RMB835,274.96 registered capital of our Company at the consideration of RMB12,738,000. For details, please refer to note 29 in the Accountants' Report of Appendix I to this prospectus.

Subscription of increased registered capital in series B+ financing

Pursuant to a capital contribution agreement dated March 27, 2021 entered into among the following series B+ investors and all our then Shareholders, the series B+ investors agreed to subscribe the increased registered capital of RMB1,518,681.74 of our Company at an aggregate consideration of RMB200 million. The respective subscription amount and consideration paid by the investors in series B+ financing were as follow:

Subscribers	**Registered capital subscribed for**	**Consideration paid**
	(RMB)	*(RMB)*
Junlian Shengyuan	303,736.35	40,000,000
Shanghai Jiyue	220,208.85	29,000,000
Woyang II	205,022.04	27,000,000
Sequoia Hanchen	159,461.58	21,000,000
Fuhai Juanyong III	148,071.47	19,500,000
Nanjing Zhenyuan	133,264.32	17,550,000
Ganzhou Haojin Zhiyuan	98,714.31	13,000,000
Fuhai Youxuan II	79,730.79	10,500,000
Jiangsu Zhongwei Tengyun	60,747.27	8,000,000
Xinjianyuan Phase III	37,967.05	5,000,000
Tsingsong Medical	18,983.52	2,500,000
Tsingsong Chengtou	18,983.52	2,500,000
Nanjing Zhaoyin Gongying	18,603.85	2,450,000
Suzhou Ruishi	15,186.82	2,000,000
Total	**1,518,681.74**	**200,000,000**

Upon completion of the series B+ financing, our Company was owned by Taizhou Yuangong, Dr. Liu, investors in series B+ financing and other Shareholders of our Company as to approximately 20.72%, 0.06%, 20.77% and 58.45%, respectively. The registered capital of our Company increased from RMB36,068,691.40 to RMB39,485,725.32.

Conversion into a Joint Stock Company

On May 9, 2021, the Shareholders' general meeting passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock company and the change of name of our Company from Jiangsu Rec-Biotechnology Co., Ltd. (江蘇瑞科生物技術有限公司) to Jiangsu Recbio Technology Co., Ltd. (江蘇瑞科生物技術股份有限公司). All the then existing Shareholders approved the conversion of the net assets value of our Company as of March 31, 2021 into 40,000,000 Shares of our Company. On May 9, 2021, our Company convened our inaugural meeting and our first general meeting, and passed related resolutions approving the conversion into a joint stock company, the Articles of Association and the relevant procedures. Upon the completion of the conversion, the registered capital of our Company became RMB40,000,000 divided into 40,000,000 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then existing Shareholders in proportion to their respective equity interests in our Company before the conversion. The conversion was completed on May 25, 2021 when our Company obtained a new business license.

Series C Financing

Pursuant to a capital contribution agreement dated May 24, 2021 entered into among the following series C investors, Taizhou Baibei, Taizhou Guquan and all our then Shareholders, the series C investors agreed to subscribe the increased registered capital of 4,825,000 Shares of our Company at an aggregate consideration of RMB965 million. The respective subscription amount and consideration paid by the investors in series C financing were as follow:

Subscribers	Number of Shares subscribed	Consideration
		(RMB)
Springleaf Investments Pte. Ltd.	1,200,000	240,000,000
LBC Sunshine Healthcare Fund II L.P. ("**LBC Sunshine**")	1,130,000	226,000,000
Sparking Key Limited ("**Sparking Key**")	385,000	77,000,000
The Valliance Fund ("**Valliance**")	320,000	64,000,000
Sage Partners Alpha 1 L.P. ("**Sage Partners**")	300,000	60,000,000
Yifang Huida Venture Capital Investment (Guangdong) Partnership (Limited Partnership) (易方慧達創業投資(廣東)合夥企業(有限合夥)) ("**Yifang Huida**")	250,000	50,000,000
Guangdong Yifang Tengda Equity Investment Partnership (Limited Partnership) (廣東易方騰達股權投資合夥企業(有限合夥)) ("**Yifang Tengda**")	250,000	50,000,000
Hengcui Investment LPF	160,000	32,000,000
Taizhou Baibei	152,500	30,500,000
Taizhou Guquan	152,500	30,500,000
LYFE	130,000	26,000,000
SCC Growth VI Holdco C (HK) Limited	100,000	20,000,000
Union Season Holdings Limited ("**Union Season**")	96,500	19,300,000
Tsingsong Medical	75,000	15,000,000
Junlian Yongshuo	63,500	12,700,000
Xiangfeng Xiamen	60,000	12,000,000
Total	**4,825,000**	**965,000,000**

Upon completion of the series C financing, our Company was owned by Taizhou Yuangong, Dr. Liu, the investors in series C financing and other shareholders of our Company as to approximately 18.49%, 0.06%, 10.76% and 70.70%, respectively. The registered capital of our Company increased from RMB40,000,000 to RMB44,825,000.

Capital increase in June 2021

On June 29, 2021, the registered capital of our Company increased from RMB44,825,000 to RMB448,250,000. During the said capital increase, 403,425,000 Shares were allotted and issued to all the then existing shareholders of the Company on the basis of one share for every nine Shares allotted according to their then shareholding, using part of the capital reserve resulted from series C financing.

As of the Latest Practicable Date, the registered capital of our Company was RMB448,250,000, divided into 377,322,880 Domestic Shares and 70,927,120 Unlisted Foreign Shares with a nominal value of RMB1.00 each.

OUR SUBSIDIARIES

We currently have two wholly-owned subsidiaries and one joint venture, details of which are as follows:

Company	Dated and place of establishment	Registered capital	Principal business activities	Percentage of ownership of our Company as of the Latest Practicable Date
Beijing ABZYMO	March 7, 2011 Beijing, PRC	RMB11,032,500	Research and development center of vaccines	100%
Wuhan Recbio	September 28, 2021, PRC	RMB100,000,000	Research and development center of novel vaccines	100%
Wuhan Recogen[(1)]	September 28, 2021, PRC	RMB10,000,000	Research and development and commercialization of mRNA vaccines	55%

Beijing ABZYMO was our principal subsidiary during the Track Record Period. At the time of establishment, Beijing ABZYMO was owned as to 53.85% by Dr. Liu and 46.15% by LI Dingfeng (李鼎鋒), respectively. It was principally engaged in R&D of vaccines since its establishment, and carried out production and sales of biochemical diagnostic reagent raw materials business from 2014 to 2018. LI Dingfeng was as a director of Beijing ABZYMO from October 2011 to March 2019. He was a former vice general manager of our Company from January 2019 to January 2020 responsible for assisting Dr. Liu in organizing R&D activities. LI Dingfeng was a supervisor of Beijing ABZYMO from March 2019 to September 2021. He is currently holding limited partnership interests of 11% and 5% in Taizhou Tongzhou and Taizhou Dingcheng, respectively, each of which is a limited partner of one of the Company's employee ownership platforms (i.e. Taizhou Yuangong). Since its establishment, Beijing ABZYMO had undergone a series of equity interest transfers and capital increases. In January 2019, our Company acquired the entire equity interests in Beijing ABZYMO. Upon completion of the acquisition, Beijing ABZYMO has become a wholly-owned subsidiary of our Company. For details, please refer to subsection "Acquisition of Beijing ABZYMO" in this section.

Note:

(1) Wuhan Recogen was a joint venture established by the Company, Shenzhen Rhegen and Wuhan Aiweige for the R&D and commercialization of mRNA vaccines. As of the Latest Practicable Date, Wuhan Recogen was owned as to 55% by the Company, 40% by Shenzhen Rhegen and 5% by Wuhan Aiweige, respectively. Each of Shenzhen Rhegen and Wuhan Aiweige is an Independent Third Party. For details, please refer to "Summary—Recent Developments and No Material Adverse Change."

ACQUISITION OF BEIJING ABZYMO

Prior to the acquisition by our Company, Beijing ABZYMO was a R&D technology platform of vaccine business having close collaboration with our Company since June 2012. Beijing ABZYMO was ultimately controlled by Dr. Liu, being the executive director and general manager of Beijing ABZYMO in charge of all work streams of vaccine business, through Beijing Jinnuo Tongzhou Technology Co., Ltd. (北京金諾同舟科技有限公司) ("**Jinnuo Tongzhou**") and Beijing Dingcheng Daohe Technology Co., Ltd. (北京鼎誠道合科技有限公司) ("**Dingcheng Daohe**")[(2)]. Beijing ABZYMO was owned as to 25% by Jinnuo Tongzhou, 25% by Dingcheng Daohe, 33.33% by Shenzhen Xinyang Chengfu Equity Investment Partnership (Limited Partnership) (深圳市信仰誠富股權投資合夥企業(有限合夥)) ("**Xinyang Chengfu**")[(3)] and 16.67% by Jiangsu Mingyuan Capital Management Co., Ltd. (江蘇銘元資產管理有限公司) ("**Jiangsu Mingyuan**")[(4)] immediately prior to the acquisition by our Company. Pursuant to the then articles of association of Beijing ABZYMO and the applicable PRC laws, the shareholders' meeting is the highest decision-making authority. Shareholders shall exercise their voting rights at the shareholders' meeting in proportion to their capital contribution. Apart from specific matters that require approval by two-thirds or more of the voting rights, all other matters shall be approved by 50% or more of the voting rights. Dr. Liu's ultimate control on Beijing ABZYMO was reflected by the aggregate equity interests of 50% held by Jinnuo Tongzhou and Dingcheng Daohe, taking into account the fact that major matters of the company could be determined by 50% or more of the voting rights.

With a view to further enhance the R&D collaboration between our Company and Beijing ABZYMO, as well as to leverage the synergistic effect of an integrated technology platform of our Company, shareholders and management teams of our Company and Beijing ABZYMO decided to initiate corporate restructuring and integration of our Company and Beijing ABZYMO (i.e. certain shareholders of Beijing ABZYMO would acquire equity interests in the Company, and the Company would acquire the entire equity interests in Beijing ABZYMO).

In preparation of the acquisition of Beijing ABZYMO, original shareholders of Jinnuo Tongzhou and Dingcheng Daohe, who were management and R&D team of Beijing ABZYMO, established Taizhou Tongzhou and Taizhou Dingcheng, respectively, in July 2018. Dr. Liu, Taizhou Tongzhou and Taizhou Dingcheng established Taizhou Baibei and Taizhou Guquan in September 2018. Dr. Liu was the general partner of Taizhou Baibei and Taizhou Guquan. Taizhou Tongzhou and Taizhou Dingcheng were limited partners of Taizhou Guquan and Taizhou Baibei. Dr. Liu, Taizhou Tongzhou, Taizhou Dingcheng, Taizhou Guquan and Taizhou Baibei established Taizhou Yuangong in September 2018 as an employee ownership platform

Notes:

(2) Immediately before the acquisition of Beijing ABZYMO in January 2019, Dr. Liu was the single largest shareholder of Jinnuo Tongzhou and Dingcheng Daohe, holding 21% and 59.6% equity interests therein, respectively. As of the Latest Practicable Date, the ultimate beneficial owner of Jinnuo Tongzhou was ZHEN Xihui (鎮錫惠) who held 20% equity interests while Dr. Liu was the second largest shareholder who held 19.80% equity interests. As of the Latest Practicable Date, the ultimate beneficial owner of Dingcheng Daohe was Dr. Liu who held 34% equity interests.

(3) The general partner of Xinyang Chengfu is Shenzhen Xinyang Investment Management Co., Ltd. (深圳市信仰投資管理有限公司), the ultimate beneficial owner of which is CHEN Jindi (陳錦棣). The limited partners of Xinyang Chengfu are WANG Jiannan (王建南) and CHEN Jindi (陳錦棣), who held 42.5% and 52.5% of its partnership interest, respectively.

(4) The ultimate beneficial owner of Jiangsu Mingyuan is LIU Hongyan (劉紅岩).

for management and R&D team of Beijing ABZYMO. Dr. Liu was the general partner of Taizhou Yuangong. Taizhou Tongzhou, Taizhou Dingcheng, Taizhou Guquan and Taizhou Baibei were limited partners of Taizhou Yuangong.

In January 2019, Taizhou Yuangong, CHEN Jindi and Dr. Liu, all of which were the then owners of Beijing ABZYMO, acquired 52.32%, 8.88% and 7.73% of the equity interests in our Company from certain then existing shareholders of our Company, respectively. Thereafter, all the then shareholders of our Company subscribed an aggregate of RMB11,033,000 worth newly issued share capital according to their then shareholding proportion ratio.

On January 8, 2019, an equity transfer agreement was entered into by the Company, and all then shareholders of Beijing ABZYMO, namely, Jinnuo Tongzhou, Dingcheng Daohe, Xinyang Chengfu[(4)] and Jiangsu Mingyuan[(5)], pursuant to which our Company agreed to acquire the entire equity interests in Beijing ABZYMO at an aggregate consideration of RMB11,033,000, which was determined with reference to R&D stage of the product pipeline of Beijing ABZYMO. Upon completion of the equity transfer, Beijing ABZYMO has become a wholly-owned subsidiary of our Company on January 8, 2019. The consideration of acquisition of Beijing ABZYMO has been fully settled in cash on April 11, 2019.

The acquisition of Beijing ABZYMO was accounted for as a reverse acquisition. For details, please refer to note 31 of Appendix I to this prospectus.

As advised by our PRC Legal Advisor, our Company has completed the corresponding industrial and commercial registration or filing procedures in relation to the establishment, historical change of equity interests and capital injections, and the acquisition of Beijing ABZYMO as set out above in the subsections headed "Establishment and Major Shareholding Changes of Our Company" and "Acquisition of Beijing ABZYMO" in this section.

EMPLOYEE OWNERSHIP PLATFORMS

In recognition of the contributions of our core employees and to incentivize them to further promote the development of our vaccine business, Taizhou Yuangong, Lianyungang Ruibaitai, Taizhou Guquan, Taizhou Baibei and Lianyungang Ruibaihe were established in the PRC as our current employee ownership platforms. As of the Latest Practicable Date, the above employee ownership platforms held an aggregate of 96,682,850 Shares, representing approximately 21.57% of the issued share capital of our Company.

Notes:

(4) Xinyang Chengfu did not proceed to invest in the Company as CHEN Jindi, being the ultimate beneficial owner of Xinyang Chengfu, has made separate investment in the Company in January 2019.

(5) Jiangsu Mingyuan did not proceed to invest in the Company as it initially invested in the biochemical diagnostic reagent raw materials business of Beijing ABZYMO, which was disposed of in August 2018.

Taizhou Yuangong, Taizhou Guquan and Taizhou Baibei[(1)]

In September 2018, Taizhou Yuangong was established in the PRC by the then management and R&D team of Beijing ABZYMO, namely Dr. Liu, all shareholders of Jinnuo Tongzhou and Dingcheng Daohe. Dr. Liu is responsible for the management of Taizhou Yuangong. As of the Latest Practicable Date, Taizhou Yuangong had one general partner, namely Dr. Liu as the ultimate beneficial owner with 0.0001% partnership interest and four limited partners, including Taizhou Dingcheng holding 30.3921% of its partnership interests, Taizhou Tongzhou holding 30.3922% of its partnership interests, Taizhou Baibei holding 19.6078% of its partnership interests and Taizhou Guquan holding 19.6078% of its partnership interests.

As of the Latest Practicable Date, (i) Dr. Liu was the general partner as well as the ultimate beneficial owner of above four limited partners holding 39.20% of partnership interest in Taizhou Dingcheng, 21.00% of partnership interest in Taizhou Tongzhou, 0.000008% of partnership interest in Taizhou Baibei and 0.000008% of partnership interest in Taizhou Guquan, respectively; (ii) limited partners of Taizhou Dingcheng consisted of Shenzhen Huizhi Gongying Enterprise Management Partnership (Limited Partnership) (深圳市匯智共盈企業管理合夥企業(有限合夥)) (the general partner is FENG Tao (逄濤), our non-executive Director who held 8.00% of partnership interest in Taizhou Dingcheng through the deemed interest held by him as a general partner of Shenzhen Huizhi Gongying Enterprise Management Partnership (Limited Partnership)), LI Dingfeng (李鼎鋒) (the former supervisor of Beijing ABZYMO) who held 5% of its partnership interest, CHEN Jianping (陳健平) (our executive Director) who held 2.00% of its partnership interest, WANG Hongyang (王洪洋) (our Supervisor) who held 2.00% of its partnership interest and other 27 individuals who were Independent Third Parties, consisting of employees, consultants and former shareholders of Beijing ABZYMO, respectively. The range of partnership interest held by these 27 individuals in Taizhou Dingcheng was from 0.4% to 8%. Save for Dr. Liu, there were no ultimate beneficial owners who were interested in more than 10% partnership interest in Taizhou Dingcheng; (iii) limited partners of Taizhou Tongzhou consist of ZHEN Xihui (鎮錫惠) (a former shareholder of Beijing ABZYMO) who held 20% of its partnership interest, LI Dingfeng (李鼎鋒) (the former supervisor of Beijing ABZYMO) who held 11% of its partnership interest, and other 10 individuals who were Independent Third Parties, consisting of employees, consultants and former shareholders of Beijing ABZYMO, respectively. The range of partnership interest held by these 10 individuals in Taizhou Tongzhou was from 1% to 9%. Save for Dr. Liu, ZHEN Xihui and LI Dingfeng, there were no ultimate beneficial owners who were interested in more than 10% partnership interest in Taizhou Tongzhou; (iv) limited partner of Taizhou Baibei and Taizhou Guquan is Lianyungang Ruibaitai holding approximately 99.99% of partnership interest in each of the two platforms, respectively. As of the Latest Practicable Date, Taizhou Yuangong, Taizhou Guquan and Taizhou Baibei owned 18.49%, 0.34% and 0.34% equity interests in our Company, respectively.

Note:

(1) Dr. Liu, as the sole general partner of these employee ownership platforms, is able to exercise the voting rights of the Shares held by each of Taizhou Yuangong, Lianyungang Ruibaitai, Taizhou Guquan, Taizhou Baibei and Lianyungang Ruibaihe.

Lianyungang Ruibaitai(1)

In March 2021, Lianyungang Ruibaitai was established in the PRC. Dr. Liu is the general partner and is responsible for the management of Lianyungang Ruibaitai. As of the Latest Practicable Date, Lianyungang Ruibaitai had one general partner, namely Dr. Liu as the ultimate beneficial owner with 36.90% partnership interest, and 36 limited partners, including LI Bu (李布) (our executive Director) who held 5.71% of its partnership interest, CHEN Jianping (陳健平) (our executive Director) who held 5.58% of its partnership interest, HONG Kunxue (洪坤學) (our non-executive Director) who held 1.76% of its partnership interest, QIAO Weiwei (喬偉偉) (our Supervisor) who held 0.34% of its partnership interest, WANG Hongyang (王洪洋) (our Supervisor) who held 0.04% of its partnership interest, ZHOU Lei (周雷) (our finance controller) who held 3.86% of its partnership interest, ZHOU Hongjun (周紅軍) (our vice general manager) who held 5.71% of its partnership interest, Lianyungang Ruibaihe which held 25% of its partnership interest and other 28 current employees of the Company who were Independent Third Parties. The range of partnership interest held by these 28 employees in Lianyungang Ruibaitai was from 0.02% to 1.83%. Save for Dr. Liu and Lianyungang Ruibaihe, there were no ultimate beneficial owners who were interested in more than 10% partnership interest in Lianyungang Ruibaitai. As of the Latest Practicable Date, Lianyungang Ruibaitai owned 2.40% equity interests in our Company, and the number of underlying Shares of the Company held by Lianyungang Ruibaitai under Company's share award scheme was 10,769,230 Shares.

Lianyungang Ruibaihe(1)

In July 2021, Lianyungang Ruibaihe was established in the PRC. As of the Latest Practicable Date, (i) Lianyungang Ruibaihe had one general partner, namely Dr. Liu as the ultimate beneficial owner with approximately 57.46% partnership interest and 19 limited partners, including CHEN Qingqing (陳青青) (our vice general manager, chief financial officer and secretary of the Board) who held approximately 16.94% of its partnership interest, ZHANG Jianhui (張建慧) (our chief medical officer) who held approximately 6.10% of its partnership interest and other 17 current employees of the Company who were Independent Third Parties. The range of partnership interest held by these 17 employees in Lianyungang Ruibaihe was from 0.54% to 2.71%. Save for Dr. Liu and CHEN Qingqing, there were no ultimate beneficial owners who were interested in more than 10% partnership interest in Lianyungang Ruibaihe; (ii) Lianyungang Ruibaihe owned 25% of partnership interest in Lianyuangang Ruibaitai.

Save as disclosed above, no other grantee under the Company's share award scheme is a connected person of the Company. The Company will comply with the applicable requirements under the Listing Rules (including Chapter 14A of the Listing Rules) for any grant of shares to connected persons of the Company and related subsequent dealings.

Note:

(1) Dr. Liu, as the sole general partner of these employee ownership platforms, is able to exercise the voting rights of the Shares held by each of Taizhou Yuangong, Lianyungang Ruibaitai, Taizhou Guquan, Taizhou Baibei and Lianyungang Ruibaihe.

PRE-IPO INVESTMENTS

Summary of Pre-IPO Investments

We received four rounds of Pre-IPO Investments since our establishment. The following table sets forth a summary of the details of the Pre-IPO Investment:

	Series A Financing	Series B Financing	Series B+ Financing	Series C Financing
Amount of registered capital subscripted/Number of Shares subscribed	RMB12,763,461.53	RMB6,712,729.87	RMB1,518,681.74	4,825,000 Shares
Amount of registered capital transferred	RMB3,702,540.60	RMB8,368,150.82	RMB1,336,566.95	N/A
Amount of consideration paid for the subscription of registered capital	RMB500 million	RMB686 million	RMB200 million	RMB965 million
Amount of consideration paid for the transfer of registered capital	RMB145,044,531.70	RMB855,173,912.00	RMB176,016,726.64	N/A
Post-money valuation of our Company[1]	RMB1.15 billion	RMB3.686 billion	RMB5.2 billion	RMB8.965 billion
Date of payment of full consideration	March 18, 2019	December 28, 2020	March 30, 2021	June 9, 2021
Cost per Share paid under the Pre-IPO Investment[2]	RMB3.87	RMB10.09	RMB13.00	RMB20.00
Discount to the Offer Price[3]	80.7%	49.7%	35.2%	0.3%

Basis of consideration	The considerations were determined based on arm's length negotiations between the relevant parties after taking into the following factors: (i) layout of pipeline of our Company, status of milestones and prospects of commercialization; (ii) capacity of technology platforms, expansion capacity and R&D management system as a platform enterprise; and (iii) corporate governance, strategic layout, execution efficiency and other factors of our Company.
Use of proceeds and whether they have been fully utilized	We utilized the proceeds to build industrialized bases, finance the clinical trials of vaccines, develop pipelines and establish core technology platforms. As of September 30, 2021, we had utilized 100% and 65.62% of the proceeds from the Series A financing and series B financing, respectively. The proceeds from Series B+ financing and series C financing have not been utilized.
Lock-up	Pursuant to the applicable PRC law, within the 12 months following the Listing Date, no current Shareholders (including the Pre-IPO Investors) may dispose of any of the Shares held by them.
Strategic benefits	At the time of the Pre-IPO Investments, our Directors were of the view that (i) our Company would benefit from the additional capital provided by the Pre-IPO Investors and their knowledge and experience and (ii) the Pre-IPO Investments demonstrated the Pre-IPO Investors' confidence in the operation and development of our Group.

Notes:

1. The corresponding valuation is calculated based on the proposed post-money capitalization of our Company at the time of the investments, as agreed under the relevant investment agreements. The increase of valuation of the Company from Series A financing to Series B financing was due to (i) the R&D progress of pipeline products of our Group and our business growth; (ii) management team, strategic development and future prospects of our Group. The valuation of our Company increased significantly during the period from our Series B+ financing to Series C financing primarily because we successfully initiated phase III clinical trial for our Core Product, REC603 in June 2021 and phase I clinical trial for ReCOV in June 2021.

2. As adjusted to reflect subsequent capital injections or share conversions, as applicable. Cost per Share paid under the Pre-IPO Investments is applicable to both subscription of increased registered capital and transfer of registered capital in pre-IPO investments.

3. The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK$24.80 per H Share. Discount to the Offer Price is applicable to both subscription of increased registered capital and transfer of registered capital in pre-IPO investments.

Valuation of Our Company

Our anticipated valuation immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised) based on an Offer Price of HK$24.80 per H Share, which represents an increase of approximately 7.2% from the post-money valuation of our series C financing, was determined primarily taken into account (a) the post-money valuation of our series C financing; (b) the expected capital raising during the Global Offering; (c) our business development since completion of the series C financing, and (d) the difference in risks undertaken by the pre-IPO investors investing in a private company vis-à-vis investors investing in a public company and the liquidity of our Shares. Subsequent to completion of our series C financing, we have continued to advance in the R&D of our vaccine candidates. In particular, (i) subject enrollment of phase III clinical trial for our Core Product, REC603, per clinical protocol, was completed in October 2021; (ii) subject enrollment of phase I clinical trial for ReCOV was completed in October 2021 and obtained the partially unblinded clinical data for such trial in the first month, we subsequently obtained the clinical trial approval from the Philippines FDA to conduct the global phase II/III trial for ReCOV in January 2022. To date, we have initiated subject enrollment for the global phase II/III trial for ReCOV in the Philippines; and (iii) we are currently conducting data evaluation and analysis of phase I trial for REC601. The continuous progress of our business development is expected to support the step-up in the proposed IPO valuation of our Group.

Special Rights

Pursuant to Shareholders' Agreement entered into by the Shareholders on May 24, 2021 ("**Shareholders' Agreement**"), the Pre-IPO Investors were granted certain special rights, amongst others, (i) right to nominate Directors, (ii) right to nominate Board observer, (iii) pre-emptive right, (iv) co-sale right, (v) anti-dilution right, (vi) redemption right, (vii) information right, (viii) certain liquidation preferences, (ix) dividend right and (x) most favored nation treatment. Except for the right to nominate Directors and the right to nominate Board observer pursuant to the Shareholders' Agreement, all special rights granted to the Pre-IPO Investors have been terminated upon the submission of listing application to the CSRC on July 2, 2021 and shall resume to be exercisable automatically upon the earliest of (i) the withdrawal of the listing application to a qualified listing authority (i.e. Shanghai Stock Exchange, Shenzhen Stock Exchange and the Stock Exchange) by our Company; (ii) our Company fails to achieve a qualified initial public offering of our Shares with a market capitalization upon listing of no less than the post-money valuation of series C financing within 12 months (which could be extended by written consent of the parties to the Shareholders' Agreement before expiration) after the submission of the listing application; or (iii) the listing application under above item (i) has been rejected or vetoed by relevant regulatory authorities. Save for the right to nominate Directors and the right to nominate Board observer agreed among the Shareholders pursuant to the Shareholders' Agreement, the special rights granted to the Pre-IPO Investors shall be terminated before the Listing in accordance with the Guidance on Pre-IPO investments (HKEX-GL43-12).

- *Right to nominate Directors:* Pursuant to the Articles of Association, shareholder(s) severally or jointly holding 3% or more of the Shares for 365 days or more, together with the Board, have the right to nominate Directors (other than independent non-executive Directors). All the existing Shareholders have the right to nominate Directors (other than independent non-executive Directors) pursuant to the Articles of Association upon Listing so long as they satisfy the aforesaid shareholding threshold. In this relation, all the existing Shareholders agreed that each of Zhaoyin Modern, Fuhai Xincai Phase II, Shenzhen Yingkejin and Junlian Shengyuan has the right to nominate one (1) non-independent Director to our Board, respectively subject to the approval of the shareholders' general meeting. As advised by our PRC Legal Advisor, the right to nominate Directors by each of Zhaoyin Modern, Fuhai Xincai Phase II, Shenzhen Yingkejin and Junlian Shengyuan is the right agreed among all the existing Shareholders subject to the approval of the shareholders' general meeting rather than the right granted by the Company to nominate a Director. Therefore, pursuant to paragraph 3.7 of Guidance Letter HKEX-GL43-12, such right to nominate Directors may survive upon Listing.

- *Right to nominate Board observer:* two (2) Board observers may be nominated by Shareholders and elected by general meeting of shareholders. Such nomination will have to be approved by the Board. Board observers shall attend Board meeting and express opinions during the Board meeting, except for voting at the Board meeting.

Compliance with Interim Guidance and Guidance Letters

Based on the documents provided by the Company relating to the Pre-IPO Investments, the Joint Sponsors confirm that the Pre-IPO Investments are in compliance with the Interim Guidance on Pre-IPO Investments (HKEX-GL29-12) issued on 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 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.

Information about the Pre-IPO Investors

Our Pre-IPO Investors include dedicated healthcare funds and biotech funds as well as established funds with a focus with on investments in the healthcare sector. Save for Shenzhen Fer-Capital Investment Co., Ltd. (深圳前海沃盈投資管理有限公司), which is an associate of FENG Tao (逢濤), our non-executive Director, and thus a core connected person of our Company, each of our Pre-IPO Investors was an Independent Third Party as of the Latest Practicable Date. The background information of our major Pre-IPO Investors of our Company are set out below:

Lake Bleu

LBC Sunshine Healthcare Fund II L.P. ("**LBC Sunshine II**") is managed by Lake Bleu Capital (Hong Kong) Limited, which is ultimately owned by Dr. LI Bin (李彬), who acts as the investment manager licensed by the Hong Kong Securities and Futures Commission. LBC Sunshine II is an exempted limited partnership registered in the Cayman Islands. None of the ultimate beneficial owners of LBC Sunshine II owns more than 10% of its partnership interest. It specializes in investing in late-stage healthcare companies in Asia/Greater China. The

investment scope includes pharmaceuticals, biotech, medical devices, and healthcare services. LBC GP II Limited, an exempted company incorporated in the Cayman Islands, acts as the general partner of LBC Sunshine II. Lake Bleu Capital (Hong Kong) Limited had over US$2 billion of assets under management as of March 31, 2021 and invested in biotech and healthcare sectors include, among others, JD Health (a company listed on the Stock Exchange (stock code: 6618)), New Horizon Health (a company listed on the Stock Exchange (stock code: 6606)), MicroPort Cardioflow (a company listed on the Stock Exchange (stock code: 2160)), RemeGen (a company listed on the Stock Exchange (stock code: 9995)), Hygeia Healthcare (a company listed on the Stock Exchange (stock code: 6078)), Kangji Medical (a company listed on the Stock Exchange (stock code: 9997)), Hansoh Pharmaceutical (a company listed on the Stock Exchange (stock code: 3692)), Jinxin Fertility (a company listed on the Stock Exchange (stock code: 1951)), Akeso Biopharma (a company listed on the Stock Exchange (stock code: 9926)) and Pharmaron (a company listed on the Stock Exchange (stock code: 3759) and Shenzhen Stock Exchange (stock code: 300759)). Each of LBC Sunshine II, its general partner and limited partners is an Independent Third Party.

Hengcui Investment LPF is a limited partnership established in Hong Kong. Its general partner is BC Capital Asia Limited, which is ultimately controlled by Mr. SUN Xinrong (孫新榮), and is a TMT, healthcare, advanced manufacturing and fintech sectors focused private equity capital firm. Its largest limited partner is Goodtake Trading Ltd. holding 19.23% of its partnership interest, the ultimate beneficial owner of which is ZHU Zhaoguo. There are four ultimate beneficial owners who are interested in more than 10% partnership interest of Hengcui Investment LPF, namely ZHU Zhaoguo, XU Huajun, ZHANG Xiaofei and JIANG Peilin. Each of Hengcui Investment LPF, its general partner and limited partners is an Independent Third Party.

Temasek

Springleaf Investments Pte. Ltd. is incorporated in Cayman Islands and transferred its company registration to Singapore, as a private company limited by shares, in January 2021. Springleaf Investments Pte. Ltd. is wholly-owned by Anderson Investments Pte. Ltd. which is in turn indirectly wholly owned by Temasek Holdings (Private) Limited ("**Temasek**"). Incorporated in 1974, Temasek is a global investment company with a net portfolio value of S$381 billion as at March 31, 2021. Headquartered in Singapore, it has 13 offices in nine countries around the world. The Temasek Charter defines Temasek's three roles as an Investor, Institution and Steward, which shape its ethos to do well, do right, and do good. As a provider of catalytic capital, it seeks to enable solutions to key global challenges. With sustainability at the core of all Temasek does, it actively seeks sustainable solutions to address present and future challenges, as it captures investible opportunities to bring about a sustainable future for all.

Legend Capital

Junlian Shengyuan and Junlian Yongshuo are limited partnerships established in the PRC. Their general partner is Lhasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司) ("**Lhasa Junqi**"). Lhasa Junqi is wholly owned by Legend Capital Co., Ltd. (君聯資本管理股份有限公司) ("**Legend Capital**"), which is actually controlled by ZHU Linan (朱立南), CHEN Hao (陳浩) and WANG Nengguan (王能光). Junlian Shengyuan has 18 limited partners, the largest of which is National Council for Social Security Fund (全國社會保障基金理事會) holding approximately 35.71% of its partnership interest. Junlian Yongshuo has three limited partners, the largest of which is Suzhou Junlian Xinkang Venture Capital Partnership (Limited Partnership) (蘇州君聯欣康創業投資合伙企業(有限合伙)) holding approximately 52.63% of its partnership interest. Junlian Shengyuan and Junlian Yongshuo, their general partner and all limited partners are Independent Third Parties. None of the ultimate beneficial owners of Junlian Shengyuan and Junlian Yongshuo is interested in more than 10% partnership interest of Junlian Shengyuan and Junlian Yongshuo, respectively. Each of Junlian Shengyuan, Junlian Yongshuo, their respective general partner and limited partners is an Independent Third Party.

Healthy Prestige is incorporated in Hong Kong with limited liability, which is owned as to 54.22% by Great Unity Fund I, L.P.. Union Season is incorporated in Hong Kong with limited liability, which is owned as to 20% by Legend Holdings Corporation (聯想控股股份有限公司) (stock code: 03396 (SEHK)) and 80% by Beijing Juncheng Hezhong Investment Management Partnership (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) ("**Juncheng Hezhong**"), the general partner of which is Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司). Juncheng Hezhong has two limited partners, the largest of which is Tianjin Huizhi No. 1 Enterprise Management Consulting Partnership (Limited Partnership) (天津匯智壹號企業管理諮詢合夥企業(有限合夥)) holding approximately 58.12% of its partnership interest. None of the ultimate beneficial owners of Healthy Prestige and Union Season is interested in more than 10% issued share capital of Healthy Prestige and Union Season, respectively. Each of Healthy Prestige and Union Season is an Independent Third Party.

The core business of Legend Capital is early-stage venture capital and expansion-stage growth enterprises with operations in China or related to China. Legend Capital, a Sophisticated Investor, is now managing several USD funds and RMB funds with a total amount of RMB60 billion. By 2021, Legend Capital has invested in more than 500 companies, nearly 80 of which are successfully listed on domestic or overseas capital markets, including Pharmaron Beijing Co., Ltd. and WuXi Apptec Co., Ltd., both of which are dual listed in Hong Kong and China.

LYFE Capital

Shanghai Jiyue and Shanghai Jixuan are limited partnerships established in the PRC which are managed by LYFE Capital Investment Management (Shanghai) Co., Ltd. (洲嶺私募基金管理(上海)有限公司) ("**LYFE Capital**"), as their sole general partner holding approximately 0.50% of its partnership interest in Shanghai Jiyue and 0.01% of its partnership interest in Shanghai Jixuan, being wholly owned by ZHAO Jin (趙晉). The sole limited partner of Shanghai Jiyue is LYFE Phase III (Shanghai) Equity Investment Partnership (Limited Partnership) (濟峰三期(上海)股權投資合伙企業(有限合伙)) ("**LYFE Phase III**") holding approximately 99.50% of its partnership interest. LYFE Phase III is managed by its general partner, LYFE Capital QFLP Management (Hong Kong) Limited, which is ultimately controlled by ZHAO Jin (趙晉). The sole limited partner of LYFE Phase III is LYFE Capital QFLP III (Hong Kong) Limited holding 100% partnership interest. The sole limited partner of Shanghai Jixuan is LYFE phase II (Shanghai) Equity Investment Partnership (Limited Partnership) (濟峰二期(上海)股權投資基金合伙企業(有限合伙)) ("**LYFE phase II**") holding approximately 99.99% of its partnership interest. LYFE phase II is managed by its general partner, LYFE Capital QFLP Management (Hong Kong) Limited, which is ultimately controlled by ZHAO Jin (趙晉). The sole limited partner of LYFE Phase II is LYFE Capital QFLP II (Hong Kong) Limited. None of the ultimate beneficial owners of Shanghai Jiyue and Shanghai Jixuan is interested in more than 10% partnership interest of Shanghai Jiyue and Shanghai Jixuan, respectively. LYFE Niagara River Limited is an exempted company incorporated in the Cayman Islands with limited liability, which is in turn controlled by ZHAO Jin (趙晉). ZHAO Jin (趙晉) is a professional investor who has been working in financial investment industry for decades with a focus on healthcare field. Each of LYFE Niagara River Limited and ZHAO Jin (趙晉) is an Independent Third Party.

Being a Sophisticated Investor and a dedicated healthcare fund, LYFE Capital has assets under management exceeding USD1.1 billion and focuses spans biopharmaceuticals, medical devices, and diagnostics. LYFE Capital has invested in multiple portfolio companies in the healthcare industry, including, among others, Ping An Healthcare and Technology Company Limited (平安健康醫療科技有限公司), a company listed on the Main Board of Stock Exchange (stock code: 1833); Kangji Medical Holdings Limited (康基醫療控股有限公司), a company listed on the Main Board of Stock Exchange (stock code: 9997); Shanghai Kindly Medical Instruments Co., Ltd. (上海康德萊醫療器械股份有限公司), a company listed on the Main Board of Stock Exchange (stock code: 1501); Angelalign Technology Inc., a company listed on the Main Board of Stock Exchange (stock code: 6699); Shanghai HeartCare Medical Technology Corporation Limited, a company listed on the Main Board of Stock Exchange (stock code: 6609). Shanghai Jiyue, Shanghai Jixuan, their general partner and limited partners are Independent Third Parties.

Oriental Fortune Capital

Fuhai Youxuan is a limited partnership established in the PRC, the general partner of which is Shenzhen Qianhai Kekong Gangshen Venture Capital Investment Co., Ltd. (深圳市前海科控港深創業投資有限公司), being owned as to 50% by Shenzhen Oriental Fortune Capital Investment Co., Ltd. (深圳市東方富海投資管理股份有限公司) ("**OFC**"), 30% by Gangshenlian Investment (Shenzhen) Co., Ltd. (港深聯投資(深圳)有限公司) and 20% by Shenzhen Qianhai Service Group Co. Ltd. (深圳市前海園區運營有限公司). The Shenzhen Qianhai Kekong Gangshen Venture Capital Investment Co., Ltd. is ultimately beneficially owned by CHEN Wei (陳瑋). Fuhai Youxuan has 45 limited partners, the largest of which is Jiaxing Dongjiashun Phase II Equity Investment Partnership (Limited Partnership) (嘉興東家順二期股權投資合伙企業(有限合伙)) holding approximately 16.20% of its partnership interest. None of ultimate beneficial owners of Fuhai Juanyong is interested in more than 10% partnership interest.

Fuhai Xincai Phase II is a limited partnership established in the PRC, the general partner of which is Shenzhen Fuhai Xinwan Equity Investment Fund Management Enterprise (Limited Partnership) (深圳市富海鑫灣股權投資基金管理企業(有限合夥)) ("**Shenzhen Fuhai Xinwan**"), which is ultimately controlled by CHEN Wei (陳瑋). OFC is the general partner of Shenzhen Fuhai Xinwan. Fuhai Xincai Phase II has 21 limited partners, the largest of which are Shenzhen Guiding Fund Investment Co., Ltd. (深圳市引導基金投資有限公司) and China Merchants Securities Asset Management Co., Ltd. (招商證券資產管理有限公司), both of which hold approximately 20% of its partnership interest, respectively.

Fuhai Juanyong II, Fuhai Juanyong III, Fuhai Youxuan II and OFC Small and Medium are limited partnerships established in the PRC, which are managed by OFC. OFC is ultimately beneficially owned by CHEN Wei (陳瑋). Fuhai Juanyong II has 16 limited partners, the largest of which is Shenzhen Gutoubang Equity Investment Fund Management Fund Enterprise (Limited Partnership) (深圳股投邦股權投資基金管理企業(有限合夥)) holding approximately 21.92% of its partnership interest. None of ultimate beneficial owners of Fuhai Juanyong II is interested in more than 10% partnership interest. Fuhai Juanyong III has three limited partners, the largest of which is Linzhi Lecheng Medical Industry Development Co., Ltd. (林芝樂成醫療產業發展有限公司) holding approximately 66.67% of its partnership interest. Linzhi Lecheng Medical Industry Development Co., Ltd. is ultimately owned as to 50% and 50% by CHANG Yunzhuan (常運專) and CHANG Liyun (常立勛), respectively. OFC Small and Medium has ten limited partners, the largest of which is Shenzhen Guiding Fund Investment Co., Ltd. (深圳市引導基金投資有限公司) holding approximately 35% of its partnership interest. The scale of assets managed by Fuhai Youxuan, Fuhai Xincai Phase II, Fuhai Juanyong II, Fuhai Juanyong III, Fuhai Youxuan II and OFC Small and Medium are over RMB234 million, RMB1.5 billion, RMB146 million, RMB82 million, RMB100 million and RMB1 billion, respectively.

OFC is one of the leading venture capital investment firms in the PRC and managing 52 funds with assets totaling more than RMB25 billion covering telecommunication, TMT, green technology, new material & advanced manufacturing technology, healthcare and entertainment & consumption industries. Each of Fuhai Youxuan, Fuhai Xincai Phase II, Fuhai Juanyong II, Fuhai Juanyong III, Fuhai Youxuan II, OFC Small and Medium, their general partners and limited partners is an Independent Third Party.

Fer-Capital

Shenzhen Yingkejin, Woyang Health, Woyang Phase II and Shenzhen Luewei Investment Management Partnership (Limited Partnership) (深圳略威投資管理合夥企業(有限合夥)) ("**Shenzhen Luewei**") are limited partnerships established in the PRC and are managed by Shenzhen Fer-capital Investment Co., Ltd. (深圳前海沃盈投資管理有限公司) ("**Fer-Capital**"). Fer-Capital is held by FENG Tao (逢濤), our non-executive Director, as to an aggregate of approximately 42.8% (comprising 32.80% of his direct equity interests, and as a general partner of Shenzhen Huizhi Gongying Enterprise Management Partnership (Limited Partnership) (深圳市匯智共盈企業管理合夥企業(有限合夥)) holding 10% equity interests). Fer-Capital is ultimately beneficially owned by FENG Tao (逢濤).

Shenzhen Yingkejin has 15 limited partners, the largest of which is LUO Yongjun (羅勇君) who holds approximately 31.48% of its partnership interest. There is one ultimate beneficial owner who is interested in more than 10% partnership interest in Shenzhen Yingkejin, namely LUO Yongjun (羅勇君). Woyang Health has 12 limited partners, the largest of which is Hunan Jinyang Investment Group Co., Ltd. (湖南金陽投資集團有限公司) ("**Hunan Jinyang**") holding approximately 48.33% of its partnership interest. There are two ultimate beneficial owners which are interested in more than 10% partnership interest in Woyang Health, namely TANG Jun (唐珺) and Liuyang Municipal People's Government. Woyang Phase II has 18 limited partners, the largest of which is Hunan Jinyang holding approximately 47.25% of its partnership interest. Hunan Jinyang is wholly owned by Liuyang Municipal People's Government (瀏陽市人民政府). There are three ultimate beneficial owners which are interested in more than 10% partnership interest in Woyang Phase II, namely SHAO Yujing (邵瑜婧), QI Jianhua (齊建華) and Liuyang Municipal People's Government. Shenzhen Luewei has nine limited partners, the largest of which is PANG Bo (逢博), son of FENG Tao (逢濤) over 18 years old who holds approximately 22.86% of its partnership interest. Fer-Capital is a professional fund with deep background in healthcare industry, focusing on bio-tech, drugs, medical equipment, etc. Fer-Capital has issued ten equity investment funds in aggregate with over RMB0.6 billion of assets under management. The scale of assets managed by Shenzhen Yingkejin, Woyang Health, Woyang Phase II and Shenzhen Luewei are RMB54 million, RMB103,450,000, RMB232,800,000 and RMB14 million, respectively. Each of Shenzhen Yingkejin, Woyang Health, Woyang Phase II, Shenzhen Luewei and their limited partners is an Independent Third Party.

Sequoia Hanchen

Sequoia Hanchen is a limited partnership established in the PRC. Its principal business is to make equity investments in private companies. Its general partner is Shenzhen Sequoia An Tai Equity Investment Partnership (Limited Partnership) (深圳紅杉安泰股權投資合夥企業(有限合夥)) ("**Sequoia An Tai**"), which is ultimately beneficially owned by ZHOU Kui (周逵). Its sole limited partner is Shenzhen Sequoia Yuechen Investment Partnership (Limited Partnership) (深圳紅杉悦辰投資合夥企業(有限合夥)) holding approximately 99.9875% of its partnership interests. None of the ultimate beneficial owners of Sequoia Hanchen is interested in more than 10% partnership interest in Sequoia Hanchen. Sequoia An Tai is controlled by its general partner, Shenzhen Sequoia Huan Yu Investment Management Co., Ltd. (深圳市紅杉桓宇投資諮詢有限公司), which is owned by ZHOU Kui (周逵) and ZHANG Lianqing (張聯慶) as to 70% and 30%, respectively. Each of Sequoia Hanchen, its general partner and limited partner is an Independent Third Party.

Sequoia Capital China Growth

SCC Growth VI Holdco C (HK) Limited ("**Sequoia Capital China Growth**") is incorporated in Hong Kong with limited liability, which is wholly owned by Sequoia Capital China Growth Fund VI, L.P. ("**Sequoia Capital China GVI Fund**"). Sequoia Capital China GVI Fund is an investment fund whose primary purpose is to make equity investments in private companies. The general partner of Sequoia Capital China GVI Fund is SC China Growth VI Management, L.P., whose general partner is SC China Holding Limited, a wholly-owned subsidiary of SNP China Enterprises Limited. Neil Nanpeng Shen is the sole shareholder of SNP China Enterprises Limited. As of July 2021, Sequoia Capital China Growth has managed US$20 million of assets.

CMB International

Zhaoyin Modern, Nanjing Zhenyuan, Nanjing Zhaoyin Gongying Equity Investment Partnership (Limited Partnership) (南京市招銀共贏股權投資合夥企業(有限合夥)) ("**Nanjing Zhaoyin Gongying**") are limited partnerships established in the PRC, which are managed by Jiangsu Zhaoyin Industrial Fund Management Co., Ltd. (江蘇招銀產業基金管理有限公司) ("**Jiangsu Zhaoyin**"). Jiangsu Zhaoyin is controlled by CMB International Capital Management (Shenzhen) Ltd. (招銀國際資本管理(深圳)有限公司), an indirect wholly-owned subsidiary of CMB International Capital Corporation Limited, with a focus on private equity investment and investment fund management. CMB International Capital Corporation Limited is an indirect wholly owned subsidiary of China Merchants Bank Co., Ltd, a company listed on the Stock Exchange (stock code: 03968) and Shanghai Stock Exchange (stock code: 600036).

Zhaoyin Modern has two limited partners, the largest of which is Jiangsu Zhaoyin Modern Industry Equity Investment Fund Phase I (Limited Partnership) (江蘇招銀現代產業股權投資基金一期(有限合夥)) ("**Jiangsu Zhaoyin Modern Industry**") holding approximately 83.26% of its partnership interest. Jiangsu Zhaoyin Modern Industry is managed by its general partner, Jiangsu Zhaoyin holding approximately 0.17% of its partnership interest. Jiangsu Zhaoyin Modern Industry has two limited partners, namely Jiangsu Province Government Investment Fund (Limited Partnership) (江蘇省政府投資基金(有限合伙)) holding approximately 33.28% of its partnership interest, which is ultimately owned by Department of Finance of Jiangsu Province (江蘇省財政廳), and CMB International Financial Holding (Shenzhen) Ltd. (招銀國際金融控股(深圳)有限公司) holding approximately 66.56% of its partnership interest, which is ultimately owned by CMB International Capital Corporation Limited.

The sole limited partner of Nanjing Zhenyuan is Shanghai Qiji Technology Partnership (Limited Partnership) (上海旗驥科技合夥企業(有限合夥)) ("**Shanghai Qiji**") holding approximately 99.95% of its partnership interest. Shanghai Qiji is managed by its general partner, CMB International Financial Holding (Shenzhen) Ltd. holding approximately 0.10% of its partnership interest. The sole limited partner of Shanghai Qiji is CMB Financial Holding (Shenzhen) Ltd. (招銀金融控股(深圳)有限公司) holding approximately 99.90% of its partnership interest, which is ultimately owned by CMB International Capital Corporation Limited. None of ultimate beneficial owners in Zhaoyin Modern and Nanjing Zhenyuan is interested in more than 10% partnership interest in Zhaoyin Modern and Nanjing Zhenyuan, respectively. Nanjing Zhaoyin Gongying has six limited partners, the largest of which are ZHANG Hao (張浩) and SHEN Gang (沈剛), who hold approximately 26.95% and 26.95% of its partnership interest, respectively. There are four ultimate beneficial owners which are interested in more than 10% partnership interest in Nanjing Zhaoyin Gongying, namely ZHANG Hao (張浩), SHEN Gang (沈剛), XU Guozheng (余國錚) and XU Bojuan (徐博卷). Each of Zhaoyin Modern, Nanjing Zhenyuan, Nanjing Zhaoyin Gongying, their general partner and limited partners is an Independent Third Party.

Zhiming Haojin

Haojin Zhitong and Ganzhou Haojin Zhiyuan are limited partnerships established in the PRC. Their general partners is Beijing Zhiming Haojin Investment Management Co., Ltd. (北京智明浩金投資管理有限公司), which is owned as to 99% by WANG Yang (王洋) and 1% by LIANG Hao (梁皓). Haojin Zhitong has three limited partners, the largest of which is PENG Hao (彭浩) holding approximately 67.41% of its partnership interest. There are two ultimate beneficial owners who are interested in more than 10% partnership interest in Haojin Zhitong, namely PENG Hao (彭浩) and CAO Jian (曹堅). Ganzhou Haojin Zhiyuan has ten limited partners, the largest of which are Shanghai Qingzhi Warehousing Co., Ltd. (上海慶智倉儲有限公司) and ZHANG Tianren (張天任), both of which hold approximately 21.19% of its partnership interest, respectively. There are three ultimate beneficial owners who are interested in more than 10% partnership interest in Ganzhou Haojin Zhiyuan, namely ZHANG Tianren (張天任), PENG Hao (彭浩) and ZHANG Weitian (張維田). Total assets managed by Haojin Zhitong and Guangzhou Haojin Zhiyuan are RMB89.01 million and RMB472 million, respectively. Each of Haojin Zhitong, Guangzhou Haojin Zhiyuan, their general partner and limited partner is an Independent Third Party.

Meinian Onehealth

Meinian Onehealth invested our Company through two entities, namely Jiequan Zhongwei and Jiangsu Zhongwei Tengyun. Jiequan Zhongwei is a limited partnership established in the PRC. Its general partner is Jiangsu Zhongwei Tengyun, being owned as 80% by Shanghai Tianyi Assets Management Co., Ltd. (上海天億資產管理有限公司) ("**Shanghai Tianyi**") and 20% by Century Tengyun Investment Management Co., Ltd. (世紀騰雲投資管理有限公司). Shanghai Tianyi is owned as to 70% by YU Rong (俞熔), being the chairman of the board of directors and general manager of Meinian Onehealth Healthcare Holdings Co., Ltd. (美年大健康產業控股股份有限公司) ("**Meinian Onehealth**"), a company listed on Shenzhen Stock Exchange (stock code: 002044), and 30% by Shanghai Tianyi Industrial Holding Group Co., Ltd. (上海天億實業控股集團有限公司). YU Rong is interested in more than 5% shareholding interests in Meinian Onehealth through his controlled entity, Shanghai Tianyi. Jiequan Zhongwei has six limited partners, the largest of which is Guangdong Yunsong Equity Investment Partnership (Limited Partnership) (廣東雲嵩股權投資合夥企業(有限合夥)) ("**Guangdong Yunsong**") holding approximately 39.55% of its partnership interest. The general partner of Guangdong Yunsong is Shenzhen Qianhai Gaozu Asset Management Co., Ltd. (深圳市前海高足資產管理有限公司) holding approximately 0.07% of its partnership interest. Guangdong Yunsong has two limited partners, the largest of which is Hainan Shicheng Network Technology Co., Ltd. (海南世誠網絡科技有限公司) holding approximately 66.00% of its partnership interest. Jiequan Zhongwei has invested in multiple portfolio companies in the healthcare industry with over RMB800 million of assets under management. There are three ultimate beneficial owners who are interested in more than 10% partnership interest in Jiequan Zhongwei, namely DU Bin (杜彬), SI Yali (司亞麗) and finance department of Jiangsu Province. YU Rong (俞熔) and Huang Tao (黃濤) are ultimate beneficial owners who are interested in more than 10% partnership interest in Jiangsu Zhongwei Tengyun. Jiequan Zhongwei has invested in multiple portfolio companies in the healthcare industry with over RMB800 million of assets under management. Each of Jiequan Zhongwei, its general partner and limited partners is Independent Third Party.

Xiangfeng Xiamen

Xiangfeng Xiamen is a limited partnership established in the PRC. Its general partner is Xiangtansheng (Xiamen) Equity Investment Partnership (Limited Partnership) (祥譚晟(廈門)股權投資合夥企業(有限合夥)). Xiangfeng Xiamen is managed by Xiangfeng Jiazi (Xiamen) Private Fund Management Co. Ltd. (祥峰甲子(廈門)私募基金管理有限公司), which is wholly owned by Xiangen Equity Investment Management (Shanghai) Co., Ltd. (祥恩股權投資管理(上海)有限公司), being wholly owned by Vertex China Management (CI) Ltd. Xiangfeng Xiamen has six limited partners, the largest of which is Xiangluansheng (Xiamen) Equity Investment Partnership (Limited Partnership) (祥巒晟(廈門)股權投資合伙企業(有限合伙)) holding approximately 31.58% of its partnership interest. There are three ultimate beneficial owners which are interested in more than 10% partnership interest in Xiangfeng Xiamen, namely Xiamen Municipal Finance Bureau (廈門市財政局), Xiamen Municipal Jimei District Finance Bureau (廈門市集美區財政局) and Liuyang Municipal People's Government (瀏陽市人民政府). Xiangfeng Xiamen has managed approximately RMB2.22 billion of assets. Each of Xiangfeng Xiamen, its general partner and limited partners is an Independent Third Party.

Taizhou New Drug Fund

Taizhou New Drug Fund is a limited partnership established in the PRC, which is managed by its general partner, Taizhou China Medical City New Drug Fund Management Co., Ltd. (泰州中國醫藥城新藥基金管理有限公司) holding approximately 2% of its partnership interest, the ultimate beneficial owner of which is Finance Bureau of Taizhou Medical New & Hi-tech Industrial Development Zone (Taizhou Gaogang District) (泰州醫藥高新技術產業開發區(泰州市高港區)財政局). Taizhou New Drug Fund has two limited partners, the largest of which is Taizhou Medical New & Hi-tech Industrial Development Zone Huayin Finance Investment Co., Ltd. (泰州醫藥高新區華銀金融投資有限公司) holding approximately 64.67% of its partnership interest, the ultimate beneficial owner of which is Finance Bureau of Taizhou Medical New & Hi-tech Industrial Development Zone (Taizhou Gaogang District) (泰州醫藥高新技術產業開發區(泰州市高港區)財政局) and another limited partner is Taizhou Gaoxin Industry Investment Co., Ltd. (泰州市高新產業投資有限公司) holding approximately 33.34% of its partnership interest, the ultimate beneficial owner of which is State-owned Assets Supervision and Administration Commission of Taizhou Municipal Government. Taizhou New Drug Fund has managed RMB150 million of assets. Each of Taizhou New Drug Fund, its general partner and limited partners is an Independent Third Party.

Tsing Song Capital

Tsingsong Chengtou and Tsingsong Medical are limited partnerships established in the PRC, and are ultimately managed by Tsing Song Capital, a private equity firm that focuses on investment opportunities in the biotechnology and healthcare services industries. Tsing Song Capital is ultimately beneficially owned by ZHANG Song (張松). Tsingsong Chengtou has two limited partners, the largest of which is Qingdao Haisi Wenjian Equity Investment Fund Enterprise (Limited Partnership) (青島海絲穩健股權投資基金企業(有限合伙)) ("**Qingdao Haisi Wenjian**") holding approximately 90% of its partnership interest. Qingdao Haisi Wenjian is ultimately owned by State-owned Assets Supervision and Administration Commission of Qingdao Municipal Government. There is one ultimate beneficial owner which is interested in more than 10% partnership interest in Tsingsong Chengtou, namely State-owned Assets Supervision and Administration Commission of Qingdao Municipal Government. Tsingsong Medical has 14 limited partners, the largest of which is Leo Group Co., Ltd. (利歐集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002131) holding approximately 28.47% of its partnership interest. There is one ultimate beneficial owner which is interested in more than 10% partnership interest in Tsingsong Medical, namely State-owned Assets Supervision and Administration Commission of Qingdao Municipal Government. Tsingsong Chengtou has managed approximately RMB1 billion of assets and Tsingsong Medical has managed approximately RMB702.5 million of assets. Founded in 2017, Tsing Song Capital has invested in over 20 portfolio companies, with a management team that has a profound medical industry background and private equity investment experience. Most of Tsing Song Capital's portfolios are reputable companies across diverse fields including biopharmaceuticals, genetic technology, medical devices, diagnostics, and healthcare services, for example, SinoCellTech Group Limited, a company listed on the Shanghai Stock Exchange (stock code: 688520), United Imaging, etc. Each of Tsingsong Chengtou, Tsingsong Medical, their general partner and limited partners is an Independent Third Party.

YuanBio Venture Capital

Xinjianyuan Phase III is a limited partnership established in the PRC, which is an investment arm of YuanBio Venture Capital, an investment firm focusing on early and growth stage life science and healthcare investment. The general partner of Xinjianyuan Phase III is Suzhou YuanBio Private Fund Management Partnership (Limited Partnership) (蘇州元生私募基金管理合伙企業(有限合伙)) (formerly known as Suzhou Industrial Park Yuanfu Venture Capital Investment Management Enterprise (Limited Partnership) (蘇州工業園區元福創業投資管理企業(有限合伙))), which is ultimately beneficially owned by CHEN Jie (陳傑). Xinjianyuan Phase III has 47 limited partners, the largest of which is Suzhou Xinjianyuan Holding Group Co., Ltd. (蘇州新建元控股集團有限公司) holding approximately 9.25% of its partnership interest. None of the ultimate beneficial owners is interested in more than 10% partnership interest in Xinjianyuan Phase III as of November 5, 2021. The total amount of funds in Xinjianyuan Phase III is approximately RMB2,162.5 million. YuanBio Venture Capital has invested in over 100 companies across the biopharmaceutical, medical technology, IVD and health services sectors, and has total assets under management of close to RMB6 billion. YuanBio Venture Capital aims to be one of the most successful healthcare venture capital firms in China. Each of Xinjiangyuan phase III, its general partner and limited partners is an Independent Third Party.

Wuhan Chengyelian

Wuhan Chengyelian is a limited partnership established in the PRC, the general partners of which are JIN Feng (金峰) who holds 85% of its partnership interest and WANG Yihe (王一禾) who holds 10% of its partnership interest. Its sole limited partner is XIAO Qiong (肖琼) who holds 5% of its partnership interest. Each of Wuhan Chengyelian, its general partners and limited partner is an Independent Third Party.

Public Float

Our Unlisted Foreign Shares held by our nine existing Shareholders, namely Healthy Prestige Limited, Union Season Holdings Limited, LYFE Niagara River Limited, SCC Growth VI Holdco C (HK) Limited, Hengcui Investment LPF, LBC Sunshine Healthcare Fund II L.P., Sparking Key Limited, The Valliance Fund and Sage Partners Alpha 1 L.P., will be converted into H Shares on a one-for-one basis and listed on the Stock Exchange for trading. Our Unlisted Foreign Shares held by Springleaf Investments Pte. Ltd. will not be converted into H shares and listed following the completion of the Global Offering. For details, please refer to "Share Capital" section in this prospectus. Our Domestic Shares, including shares held by Dr. Liu, Taizhou Yuangong, Taizhou Baibei, Taizhou Guquan and Lianyungang Ruibaitai, will not be considered as part of the public float as Domestic Shares will not be converted into H shares and listed following the completion of the Global Offering.

Immediately upon completion of the Global Offering, assuming that (i) 30,854,500 H Shares are issued in the Global Offering; (ii) the Over-allotment Option is not exercised; and (iii) 58,927,120 Unlisted Foreign Shares will be converted to H Shares, based on an Offer Price of HK$24.80 per H Share, 18.74% of the Company's total issued Shares with a market capitalization of at least HK$375 million will be held by the public as required under Rule 18A.07 of the Listing Rules. We have applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules and the Stock Exchange has granted the Company a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules, pursuant to which the public float of our Company may fall below 25% of the issued share capital of our Company. For details of the relevant waiver, please see "Waivers from Strict Compliance with the Listing Rules and Exemption from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver in Respect of the Public Float Requirement."

H SHARE FULL CIRCULATION PROGRAMME

We may plan to participate in the H share full circulation programme to convert all of our Domestic Shares into H Shares at an appropriate time after the Global Offering. As of the Latest Practicable Date, we had not determined the timing and scope of such proposed conversion or applied to the CSRC for the approval of such conversion. There is no assurance we will participate in the H share full circulation programme.

OUR CAPITALIZATION

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised:

Shareholder	Number of Shares	Ownership percentage in the relevant class of Shares as of the date of this prospectus	Ownership percentage in the total issued share capital of the Company as of the date of this prospectus	Shareholding percentage immediately upon completion of the Global Offering
Shareholders holding Domestic Shares				
Taizhou Yuangong Technology Partnership (Limited Partnership) (泰州元工科技合夥企業(有限合夥))	82,863,620	21.96%	18.49%	17.30%
Shanghai Chaorui Medical Technology Partnership (Limited Partnership) (上海超瑞醫藥科技合夥企業(有限合夥))	37,390,030	9.91%	8.34%	7.80%

Shareholder	Number of Shares	Ownership percentage in the relevant class of Shares as of the date of this prospectus	Ownership percentage in the total issued share capital of the Company as of the date of this prospectus	Shareholding percentage immediately upon completion of the Global Offering
Beijing Junlian Shengyuan Equity Investment Enterprise (Limited Partnership) (北京君聯晟源股權投資合夥企業(有限合夥))	28,339,420	7.51%	6.32%	5.92%
Nanjing Zhaoyin Modern Industry No. II Equity Investment Fund (Limited Partnership) (南京招銀現代產業貳號股權投資基金(有限合夥))	20,446,160	5.42%	4.56%	4.27%
Shenzhen Fuhai Xincai Phase II Venture Capital Investment Fund Partnership (Limited Partnership) (深圳市富海新材二期創業投資基金合夥企業(有限合夥))	15,946,630	4.23%	3.56%	3.33%
Shenzhen Yingkejin Investment Management Partnership (Limited Partnership) (深圳盈科進投資管理合夥企業(有限合夥))	13,576,180	3.60%	3.03%	2.83%
Zhuhai Junlian Yongshuo Equity Investment Enterprise (Limited Partnership) (珠海君聯永碩股權投資企業(有限合夥))	13,521,600	3.58%	3.02%	2.82%
Shenzhen Sequoia Hanchen Equity Investment Partnership (Limited Partnership) (深圳市紅杉瀚辰股權投資合夥企業(有限合夥))	13,442,500	3.56%	3.00%	2.81%
Shenzhen Fuhai Juanyong II Venture Capital Enterprise (Limited Partnership) (深圳富海雋永二號創業投資企業(有限合夥))	10,904,040	2.89%	2.43%	2.28%
Lianyungang Ruibaitai Medical Technology Partnership (Limited Partnership) (連雲港瑞百泰醫藥科技合夥企業(有限合夥))	10,769,230	2.85%	2.40%	2.25%
Jiangsu Jiequan Zhongwei Tengyun Medical Health Industry Fund (Limited Partnership) (江蘇聯泉中衛騰雲醫藥健康產業投資基金(有限合夥))	9,050,790	2.40%	2.02%	1.89%
Xiangfeng (Xiamen) Investment Partnership (Limited Partnership) (祥峰(廈門)投資合夥企業(有限合夥))	8,530,220	2.26%	1.90%	1.78%

Shareholder	Number of Shares	Ownership percentage in the relevant class of Shares as of the date of this prospectus	Ownership percentage in the total issued share capital of the Company as of the date of this prospectus	Shareholding percentage immediately upon completion of the Global Offering
Shanghai Jiyue Enterprise Management Partnership (Limited Partnership) (上海濟玥企業管理合夥企業(有限合夥))	8,318,800	2.20%	1.86%	1.74%
Shanghai Jixuan Enterprise Management Consulting Partnership (Limited Partnership) (上海濟軒企業管理諮詢合夥企業(有限合夥))	8,029,340	2.13%	1.79%	1.68%
Ningbo Meishan Bonded Port Areas Haojin Zhitong Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區浩金致同股權投資合夥企業(有限合夥))	7,937,780	2.10%	1.77%	1.66%
Taizhou China Pharmaceutical City Class I New Drug R&D Investment Fund Partnership (Limited Partnership) (泰州中國醫藥城一類新藥研發投資基金合夥企業(有限合夥))	7,757,820	2.06%	1.73%	1.62%
Ganzhou Haojin Zhiyuan Equity Investment Center (Limited Partnership) (贛州浩金致遠股權投資中心(有限合夥))	6,494,840	1.72%	1.45%	1.36%
Liuyang Woyang Health Industry Investment Partnership (Limited Partnership) (瀏陽沃陽健康產業投資合夥企業(有限合夥))	6,245,040	1.66%	1.39%	1.30%
Changsha Woyang Phase II Health Industry Investment Partnership (Limited Partnership) (長沙沃陽二期健康產業投資合夥企業(有限合夥))	6,093,860	1.62%	1.36%	1.27%
Wuhan Chengyelian Equity Investment Enterprise (Limited Partnership) (武漢成業聯股權投資企業(有限合夥))	5,551,150	1.47%	1.24%	1.16%
Suzhou Industrial Park Xinjianyuan Phase III Venture Capital Partnership (Limited Partnership) (蘇州工業園區新建元三期創業投資企業(有限合夥))	5,533,310	1.47%	1.23%	1.15%
Haitong Innovation Securities Investment Co., Ltd. (海通創新證券投資有限公司)	4,956,380	1.31%	1.11%	1.03%

Shareholder	Number of Shares	Ownership percentage in the relevant class of Shares as of the date of this prospectus	Ownership percentage in the total issued share capital of the Company as of the date of this prospectus	Shareholding percentage immediately upon completion of the Global Offering
Nanjing Tsingsong Medical Health Industry Investment Partnership (Limited Partnership) (南京清松醫療健康產業投資合夥企業(有限合夥))	3,516,650	0.93%	0.78%	0.73%
Ma An Shan Lingnuo Jishi Equity Investment Partnership (Limited Partnership) (馬鞍山領諾基石股權投資合夥企業(有限合夥))	2,973,830	0.79%	0.66%	0.62%
Shenzhen Tsingsong Chengtou Investment Partnership (Limited Partnership) (深圳清松城投投資合夥企業(有限合夥))	2,766,650	0.73%	0.62%	0.58%
YUN Ruilin (員瑞林)	2,585,940	0.69%	0.58%	0.54%
Guangdong Yifang Tengda Equity Investment Partnership (Limited Partnership) (廣東易方騰達股權投資合夥企業(有限合夥))	2,500,000	0.66%	0.56%	0.52%
Yifang Huida Venture Capital (Guangdong) Investment Partnership (Limited Partnership) (易方慧達創業投資(廣東)合夥企業(有限合夥))	2,500,000	0.66%	0.56%	0.52%
Nanjing Zhenyuan III Equity Investment Partnership (Limited Partnership) (南京甄遠三號股權投資合夥企業(有限合夥))	2,273,080	0.60%	0.51%	0.47%
Suzhou Ruishi Nisheng Equity Investment Center (Limited Partnership) (蘇州睿石尼盛股權投資中心(有限合夥))	2,213,320	0.59%	0.49%	0.46%
Shenzhen Fuhai Juanyong III Venture Capital Enterprise (Limited Partnership) (深圳富海雋永三號創業投資企業(有限合夥))	2,076,920	0.55%	0.46%	0.43%
Shenzhen Qianhai Kekong Fuhai Youxuan Venture Capital Investment Partnership (Limited Partnership) (深圳市前海科控富海優選創業投資合夥企業(有限合夥))	1,982,550	0.53%	0.44%	0.41%

Shareholder	Number of Shares	Ownership percentage in the relevant class of Shares as of the date of this prospectus	Ownership percentage in the total issued share capital of the Company as of the date of this prospectus	Shareholding percentage immediately upon completion of the Global Offering
Jiangsu Taizhou Guangkong Industry Investment Partnership (Limited Partnership) (江蘇泰州光控產業投資合夥企業(有限合夥))	1,982,550	0.53%	0.44%	0.41%
WO Jiuhua (沃九華)	1,939,460	0.51%	0.43%	0.40%
LIU Hongyan (劉紅岩)	1,794,040	0.48%	0.40%	0.37%
Taizhou Baibei Biology Technology Partnership (Limited Partnership) (泰州百倍生物科技合夥企業(有限合夥))	1,525,000	0.40%	0.34%	0.32%
Taizhou Guquan Biology Technology Partnership (Limited Partnership) (泰州古泉生物科技合夥企業(有限合夥))	1,525,000	0.40%	0.34%	0.32%
Shenzhen Fuhai Youxuan II High Technology Venture Capital Investment Partnership (Limited Partnership) (深圳市富海優選二號高科技創業投資合夥企業(有限合夥))	1,384,620	0.37%	0.31%	0.29%
Shenzhen Luewei Investment Management Partnership (Limited Partnership) (深圳略威投資管理合夥企業(有限合夥))	1,288,660	0.34%	0.29%	0.27%
Nanjing Xinrui Technology Partnership (Limited Partnership) (南京新睿科技合夥企業(有限合夥))	1,281,460	0.34%	0.29%	0.27%
ZHAO Jiayi (趙嘉藝)	1,281,460	0.34%	0.29%	0.27%
Hongxun ABZYMO Nantong Equity Investment Center (Limited Partnership) (弘訊安百勝南通股權投資中心(有限合夥))	1,281,460	0.34%	0.29%	0.27%
Shanghai Jinru Culture Development Co., Ltd (上海金儒文化發展有限公司)	1,069,100	0.28%	0.24%	0.22%
Taizhou Xinchuanlv Enterprise Management Partnership (Limited Partnership) (泰州薪傳律企業管理合夥企業(有限合夥))	1,069,100	0.28%	0.24%	0.22%
Jiangsu Zhongwei Tengyun Venture Capital Management Co., Ltd. (江蘇中衛騰雲創業投資管理有限公司)	1,000,000	0.27%	0.22%	0.21%

Shareholder	Number of Shares	Ownership percentage in the relevant class of Shares as of the date of this prospectus	Ownership percentage in the total issued share capital of the Company as of the date of this prospectus	Shareholding percentage immediately upon completion of the Global Offering
Shenzhen Nanshan OFC Small and Medium Size Venture Capital Investment Partnership (Limited Partnership) (深圳南山東方富海中小微創業投資基金合夥企業(有限合夥))	991,280	0.26%	0.22%	0.21%
Shenzhen Zhaoyin Gongying Equity Investment Partnership (Limited Partnership) (深圳市招銀共贏股權投資合夥企業(有限合夥))	374,960	0.10%	0.08%	0.08%
Dr. Liu (劉勇)	258,590	0.07%	0.06%	0.05%
Nanjing Zhaoyin Gongying Equity Investment Partnership (Limited Partnership) (南京市招銀共贏股權投資合夥企業(有限合夥))	188,460	0.05%	0.04%	0.04%
Subtotal (Domestic Shares)	**377,322,880**	**100%**	**84.18%**	**78.77%**
Shareholders holding Unlisted Foreign Shares				
LYFE Niagara River Limited[(2)]	18,151,700	25.59%	4.05%	3.79%
Springleaf Investments Pte. Ltd.[(1)]	12,000,000	16.92%	2.68%	2.50%
SCC Growth VI Holdco C (HK) Limited[(2)]	11,904,040	16.78%	2.66%	2.48%
LBC Sunshine Healthcare Fund II L.P. [(2)]	11,300,000	15.93%	2.52%	2.36%
Healthy Prestige Limited[(2)]	4,956,380	6.99%	1.11%	1.03%
Sparking Key Limited[(2)]	3,850,000	5.43%	0.86%	0.80%
The Valliance Fund[(2)]	3,200,000	4.51%	0.71%	0.67%
Sage Partners Alpha 1 L.P.[(2)]	3,000,000	4.23%	0.67%	0.63%
Hengcui Investment LPF[(2)]	1,600,000	2.26%	0.36%	0.33%
Union Season Holdings Limited[(2)]	965,000	1.36%	0.22%	0.20%
Subtotal (Unlisted Foreign Shares)	**70,927,120**	**100.00%**	**15.82%**	**14.79%**
Investors of the Global Offering	**30,854,500**	**–**	**–**	**6.44%**
Total	**479,104,500**	**–**	**100%**	**100%**

Note:

(1) The Unlisted Foreign Shares of our Company held by Springleaf Investments Pte. Ltd. will not be converted into H shares and listed following the completion of the Global Offering.

(2) Following the completion of the Global Offering and according to the approvals issued by the CSRC on October 9, 2021, 58,927,120 Unlisted Foreign Shares held by our 9 existing Shareholders will be converted into H Shares on a one-for-one basis and listed on Stock Exchange for trading. Details are set out below:

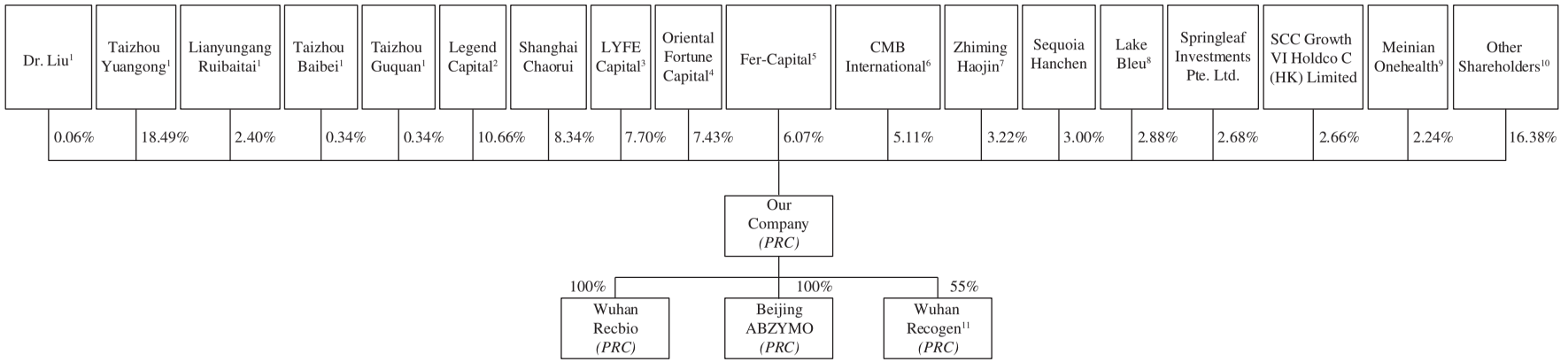
Shareholders	**Number of Unlisted Foreign Shares to be Converted to H Shares**
LYFE Niagara River Limited	18,151,700
SCC Growth VI Holdco C (HK) Limited	11,904,040
LBC Sunshine Healthcare Fund II L.P.	11,300,000
Healthy Prestige Limited	4,956,380
Sparking Key Limited	3,850,000
The Valliance Fund	3,200,000
Sage Partners Alpha 1 L.P.	3,000,000
Hengcui Investment LPF	1,600,000
Union Season Holdings Limited	965,000

(3) Upon the completion of the Global Offering, assuming the Over-allotment Option is not exercised, there will be 377,322,880 Domestic Shares and 12,000,000 Unlisted Foreign Shares, representing approximately 78.77% and 2.50% of the issued share capital of our Company, respectively.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

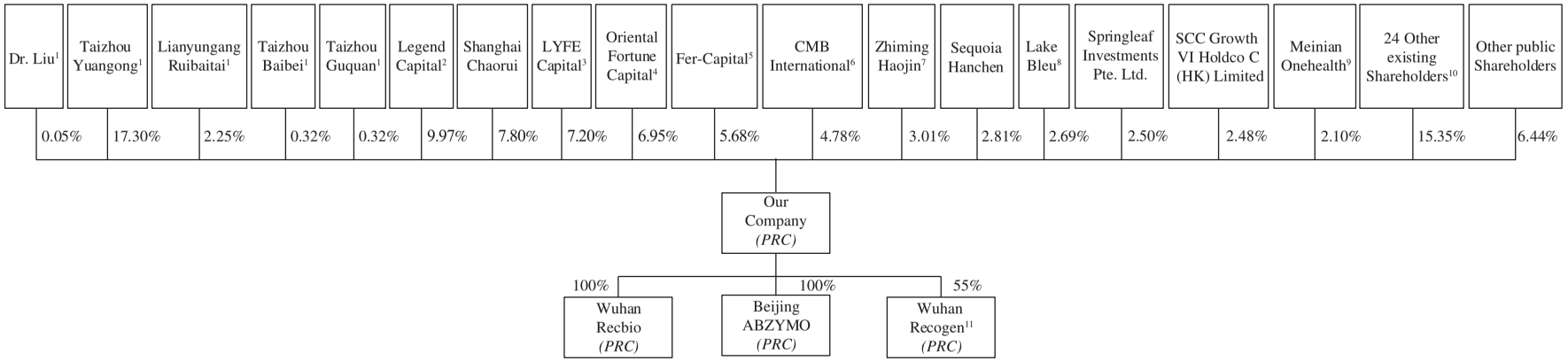
Immediately Before Completion of the Global Offering

The chart below sets out the shareholding structure of our Company immediately before completion of the Global Offering:



Immediately After Completion of the Global Offering

The chart below sets out the shareholding structure of our Company immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Notes:

1. Dr. Liu, as the sole general partner of these employee ownership platforms, is able to exercise the voting rights of the Shares held by each of Taizhou Yuangong, Lianyungang Ruibaitai, Taizhou Guquan, Taizhou Baibei and Lianyungang Ruibaihe.

2. Representing the shares held by Junlian Shengyuan, Junlian Yongshuo, Healthy Prestige Limited and Union Season Holdings Limited.

3. Representing the shares held by LYFE Niagara River Limited, Shanghai Jiyue and Shanghai Jixuan.

4. Representing the shares held by Fuhai Xincai Phase II, Fuhai Juanyong II, Fuhai Juanyong III, Qianhai Kekong Fuhai, Fuhai Youxuan II and OFC Small and Medium.

5. Representing the shares held by Shenzhen Yingkejin, Woyang Health, Woyang Phase II and Shenzhen Luewei, all of which are managed by Shenzhen Fer-Capital Investment Co., Ltd.. Fer-Capital is an associate of FENG Tao, and thus a core connected person of our Company according to Rule 14A.12(1)(c) of the Listing Rules.

6. Representing the shares held by Zhaoyin Modern, Nanjing Zhenyuan and Nanjing Zhaoyin Gongying.

7. Representing the shares held by Ganzhou Haojin Zhiyuan and Haojin Zhitong.

8. Representing the shares held by LBC Sunshine Healthcare Fund II L.P. and Hengcui Investment LPF.

9. Representing the shares held by Jiangsu Jiequan and Jiangsu Zhongwei Tengyun.

10. For details, please refer to the subsection "Our Capitalization" in this section.

11. Wuhai Recogen was owned as to 55%, 40% and 5% by the Company, Shenzhen Rhegen and Wuhan Aiweige, respectively, as of the Latest Practicable Date.

OVERVIEW

We are a vaccine company with a high-value subunit vaccine portfolio driven by in-house developed technologies. We primarily focus on the R&D of HPV vaccine candidates. Our vaccine portfolio consists of 12 vaccines, including our Core Product, REC603, a recombinant HPV 9-valent vaccine under phase III clinical trial.

As the vaccinology field enters into a new era, driven by the novel vaccine technologies and the significant expansion in disease and population coverage, subunit vaccines[1] have become crucial in propelling the overall vaccine market. We are dedicated to the research, development and commercialization of subunit vaccines. Through years of dedication and focus on this area, we have developed a comprehensive vaccine innovation engine consisting of a novel adjuvant platform, protein engineering platform and immunological evaluation platform. We are one of the few companies that are capable of developing novel adjuvants, benchmarking all of the FDA-approved novel adjuvants to date. Our technology platforms form a solid trifecta, creating synergies among the design and optimization of antigens, the development and production of adjuvants and the identification of the optimal combinations of antigens and adjuvants. We have also established an integrated product development matrix management and operation system ("**IPD System**"), enabling us to advance the R&D of multiple vaccine candidates simultaneously.

Guided by our "OPTI" vaccine development philosophy, we have established a vaccine portfolio consisting of 12 candidates, strategically extending to five of the ten diseases with the greatest burden under the 2019 Global Burden of Diseases assessed by DALYs issued by the WHO and covering disease areas of three of the top five globally bestselling vaccine products in 2020. The following table summarizes our vaccine portfolio as of the Latest Practicable Date.

1 According to Frost & Sullivan, subunit vaccines include polysaccharide vaccines, conjugate vaccines, toxoid vaccines, peptide vaccines, VLPs vaccines, recombinant protein vaccines, nucleic acid vaccines, and viral vector vaccines.

Diseases	Candidates	Type of Vaccine	Adjuvant Systems	Product Rights[5]	Commercial Rights	R&D Status	Future Milestone
Cervical Cancers & Genital Warts	REC603	Recombinant HPV 9-valent vaccine ★	Alum	Self-developed	Global	Phase II[4]	Expected to submit BLA application in 2025
	REC601	Recombinant HPV bivalent (Types 16/18) vaccine	Alum	Self-developed	Global	Phase I	Expected to submit BLA application in 2025
	REC602	Recombinant HPV bivalent (Types 6/11) vaccine	Alum	Self-developed	Global	Phase I	Expected to submit BLA application in 2025
	REC604a	2nd-generation recombinant HPV quadrivalent vaccine	Undisclosed novel adjuvant[3]	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2022
	REC604b	2nd-generation recombinant HPV 9-valent vaccine	Undisclosed novel adjuvant[3]	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2023
COVID-19	ReCOV	Recombinant COVID-19 vaccine	BFA03	Co-developed[1]	Global	Phase II[6]	Expected to submit EUA/BLA application in 2022
	R520A	mRNA COVID-19 Vaccine	-	Co-developed[7]	Global	Pre-clinical	Expected to submit IND filing in 2022H1
Shingles	REC610	Recombinant shingles vaccine	Undisclosed novel adjuvant[3]	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2022, BLA application in 2024
Adult TB	REC607	Virus vectored adult TB vaccine ★	-	License-in[2]	Global	Pre-clinical	Expected to submit IND filing in 2023, BLA application in 2026
	REC606	Recombinant adult TB vaccine	BFA01	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2023, BLA application in 2026
Flu	REC617	Recombinant influenza quadrivalent vaccine	Undisclosed novel adjuvant[3]	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2023, BLA application in 2025
HFMD	REC605	Recombinant HFMD quadrivalent vaccine	Alum	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2023, BLA application in 2026

★ Core Product ★ Major National Science and Technology Project

(1) ReCOV was co-developed with Jiangsu Province Center for Disease Control and Prevention and the Management Committee of Taizhou Medical New & Hi-tech Industrial Development Zone.

(2) REC607 was licensed in from Shanghai Public Health Clinical Center, ID Pharma Co., Ltd. and Shanghai Saimo Biotechnology Ltd.

(3) "Undisclosed novel adjuvant" refers to a novel self-developed novel adjuvant to be adopted in the vaccine candidate.

(4) Our Core Product, REC603, obtained the umbrella IND approval from the NMPA in July 2018. The umbrella IND approval covers all three phases (phase I, II and III) clinical trials of REC603. Based on communications with the CDE of the NMPA, the NMPA has no objection for us to proceed phase III clinical trial in China directly. Accordingly, we did not conduct any phase II clinical trial for REC603.

(5) All of our self-developed product candidates, including those developed prior to the acquisition of Beijing ABZYMO in January 2019 are co-developed and co-owned by Beijing ABZYMO and us. For details, see "History, Development and Corporate Structure."

(6) We obtained the preliminary data for the phase I New Zealand trial for ReCOV in October 2021 and we are currently finalizing data analysis and clinical trial report for such trial. Based on the partial unblinded data from the phase I trial, we subsequently obtained the IND approval for ReCOV to conduct multicenter phase II/III trial in January 2022. We plan to submit the EUA/BLA application for ReCOV in 2022.

(7) R520A is a mRNA COVID-19 vaccine candidate developed by Wuhan Recogen, a joint venture established by us and our business partners for the R&D and commercialization of mRNA vaccines. As of the Latest Practicable Date, we owned 55% of the equity interest in Wuhan Recogen. For details, see "Summary – Recent Development and No Material Adverse Change."

We have started to build our manufacturing capabilities at an early stage, aiming at ensuring our vaccine candidates to smoothly transferred into successful commercial vaccine products. We are constructing our HPV vaccine manufacturing facility in Taizhou, Jiangsu province, the first phase of which has a designed capacity of five million doses of HPV 9-valent vaccines or 30 million doses of HPV bivalent vaccines per year. The construction of the first phase of our HPV manufacturing facility is expected to be completed by the end of 2022. In addition, we completed the construction of our GMP-standard manufacturing facility for ReCOV in November 2021. This manufacturing facility, which can also be used for the manufacturing of recombinant shingles vaccines, has a total GFA of approximately 17,000 sq.m. and has the potential to support an annual manufacturing capacity of 300 million doses of ReCOV.

COMPETITIVE STRENGTHS

A vaccine pipeline driven by protein engineering and novel adjuvant technology

We are a vaccine company with a high-value vaccine portfolio driven by in-house developed technologies. We are dedicated to the research, development and commercialization of vaccines with strong safety and efficacy profiles in order to address huge unmet public health needs.

In recent years, vaccinology field has entered into a new era. Driven by advanced vaccine technologies and significant expansion in disease and population coverage, subunit vaccines have become crucial in propelling the overall vaccine market. Advanced technologies and breakthroughs in immunology have largely reshaped the vaccinology by creating opportunities for safer and more effective vaccine solutions. According to Frost & Sullivan, subunit vaccines accounted for approximately 55.4% of China's vaccine market in 2020, which is expected to further grow to 86.6% in 2030. Driven by the growing number of subunit vaccines and technology breakthroughs, China's vaccine market is expected to grow from RMB75.3 billion in terms of production value in 2020 to RMB333.3 billion in 2030 at a CAGR of 16.0%. With our strong R&D capabilities in developing subunit vaccines, we believe we are well-positioned to further benefit from the overall growth of China's vaccine market.

With years of dedication in developing vaccines and leveraging our in-house developed technology platforms, we have built a comprehensive vaccine portfolio consisting of 12 candidates, covering a broad disease spectrum including cervical cancer, COVID-19, adult tuberculosis, shingles, HFMD and influenza. Our vaccine portfolio extends to five of the ten diseases with the greatest burden under the 2019 Global Burden of Diseases assessed by DALYs issued by the WHO and covers disease areas of the three of the top five globally bestselling vaccine products in 2020. Our Core Product, a recombinant HPV 9-valent vaccine REC603, is currently under phase III clinical trial in China, and has the potential to be one of the first approved domestic 9-valent HPV vaccine in China. Our COVID-19 vaccine, ReCOV, is currently under phase I clinical trial in New Zealand, for which we have obtained the major safety and immunogenicity data and the partially unblinded efficacy data. Based on such data, we obtained the clinical trial approval from the Philippines FDA to conduct the global phase II/III trial for ReCOV in January 2022. As of the Latest Practicable Date, we had initiated subject enrollment for such trial in the Philippines.

One of the most comprehensive HPV pipeline worldwide with five highly differentiated vaccine candidates to target the vast China HPV market

HPV vaccines are one of the most commercially valuable vaccines in the world, with a global market size of US$4.2 billion in 2020, accounting for approximately 11.5% of the global vaccine market in terms of production volume. To control the prevalence of cervical cancer, the *Global Strategy to Accelerate the Elimination of Cervical Cancer* issued by the WHO in 2020 (the "**Strategy**"), recommends that 90% of girls complete HPV vaccination before the age of 15 by 2030. By the end of 2020, there were 110 countries which have included HPV vaccines into their routine national immunization schedule. The increasing prevalence of cervical cancer and the need to reduce HPV infections are key drivers in the growing demand for HPV vaccines globally, which is expected to reach US$17.7 billion in 2030. In China, HPV vaccines generally have a low full-course vaccination rate of less than 1% in terms of total population by the end of 2020. In 2020, the HPV vaccine market is at RMB13.5 billion, accounting for approximately 17.4% of the total vaccine market in China in terms of production volume. In December 2020, China stated that it will fully support the Strategy to accelerate the elimination of cervical cancer, which is expected to significantly drive the growth of China's HPV market. According to Frost & Sullivan, China's HPV market is expected to grow to RMB69.0 billion in 2030 at a CAGR of 17.7% from 2020 to 2030.

We have strategically developed a comprehensive HPV pipeline to address the unmet urgent need for HPV vaccines. To date, we are advancing clinical trials of three key vaccine candidates namely a recombinant HPV 9-valent vaccine, REC603, and two recombinant bivalent vaccines, REC601 and REC602, targeting different countries and populations. We are also developing REC604a and REC604b with a potentially fewer dose regimen, employing a self-developed novel adjuvant benchmarking AS04.

REC603 – HPV 9-valent vaccine, our Core Product

Our recombinant HPV 9-valent vaccine, REC603, is expected to be the one of the first of domestic vaccines of its kind to be approved and commercialized in China. We are currently conducting a phase III clinical trial and have completed 12,500 subjects enrollment for the potency tests in October 2021. The first subject was enrolled on June 26, 2021 and we are actively working with industry leading PIs and highly-qualified CROs to accelerate our trial progress. We expect to complete three-shot dosing by the first half of 2022. We plan to reach primary endpoints for our phase III clinical trial and submit BLA to the NMPA in 2025.

We believe REC603 has the following advantages.

- *Profile*. REC603 demonstrated a favorable immunogenicity profile in its phase I clinical trial. In general, we observed a significant increase in terms of NAb GMT level against all of the target HPV types.

- *High-yield and stable production of HPV VLPs.* REC603 adopts *H. polymorpha* expression system. In general, the VLPs expressed from different expression system are all highly similar to natural HPV capsid in structure and epitope in order to trigger immune response after vaccination, including those being produced by *H. polymorpha* expression system. *H. polymorpha,* a methylotrophic yeast species, is able to grow to very high cell density rapidly on simple media and can tolerate relatively high growth temperature. Owing to its strong and tunable promoters derived from the methanol utilization pathway, high secretion capacity, and lower hyperglycosylation activity compared to *S. cerevisiae*, *H. polymorpha* is suitable for production of recombinant proteins for medical use. With high copies of expression cassettes integrated stably in the genome of *H. polymorpha*, high-yield and stable expression of HPV VLPs is achieved, making our vaccine candidate more suitable for commercial production.

- *Favorable safety profile*. REC603 was safe and well-tolerated as shown in the phase I clinical trial. There were no statistical differences in terms of incidences of AEs between the vaccine group and the placebo group. There were 43 subjects experiencing AEs (53.75%) in the vaccine group, demonstrating a favorable safety profile. The main adverse reactions were expected fever and inject site pain, mostly were transient and mild. For details, see "—Business Strategies—HPV Vaccine Pipeline—Phase III Stage HPV 9-Valent Vaccine."

- *Scalable manufacturing potential.* Our patented technology in HPV VLPs in combination with optimized fermentation strategy and purification process enable us to achieve high and stable yield in bulk production. With well-defined critical process parameters and control strategies, manufacturing of REC603 can be easily scaled-up to meet the market demand domestically and globally.

REC601 and REC602 – HPV bivalent vaccines targeting HPV 16/18 and HPV 6/11

By the end of 2020, there were 110 countries which have included HPV vaccines into their routine national immunization schedule. However, in China, the government has not admitted HPV vaccines to the list of national immunization regime, the national immunization regime which has contributed to a limited HPV vaccine roll-out. In December 2020, China stated that it will fully support the Strategy to accelerate the elimination of cervical cancer, which is expected to significantly drive the growth of China's HPV market. Due to cost advantage of the bivalent HPV vaccine, it may become the mainstream vaccine for developing countries.

We are strategically developing two HPV bivalent vaccines targeting HPV 16/18 and HPV 6/11, with a view to provide significant clinical value and offer cost-effective solutions to HPV prevention worldwide. Both our HPV bivalent vaccine candidates are currently in phase I clinical trial stage. Following the completion of the phase I clinical trials for REC601 and REC602, we plan to commence next phase clinical trials and submit the BLA for these HPV bivalent vaccines in 2025.

REC604a and REC604b – Novel-Adjuvanted Second-Generation HPV Vaccine Candidates

We are developing two second-generation HPV vaccines, one quadrivalent candidate and one 9-valent candidate, namely REC604a and REC604b, respectively, with a potentially fewer dose regimen, employing a self-developed novel adjuvant benchmarking AS04. Based on existing studies, it has been demonstrated that GSK's AS04-adjuvanted Cervarix demonstrated strong cross-protection effectiveness with higher titers of neutralizing antibodies in clinical trials as compared to Merck's Gardasil, suggesting that novel adjuvants can enhance the immunogenicity of HPV vaccines. We expect to submit the IND application for REC604a in 2022 and REC604b in 2023.

Highly differentiated and clinical-stage adjuvanted COVID-19 vaccine ReCOV

WHO has declared COVID-19 caused by the SARS-CoV-2 virus as a pandemic in March 2020. As of the Latest Practicable Date, there had been over 452 million confirmed infections and over 6.0 million deaths globally. There is a significant unmet global need for COVID-19 vaccines, which have been widely recognized as the only solution to control the pandemic.

We are developing a recombinant protein COVID-19 vaccine, ReCOV, with a novel adjuvant BFA03, benchmarking AS03. We commenced a phase I clinical trial for ReCOV in New Zealand in June 2021 and obtained the initial partially unblinded data in October 2021. Based on the major safety and immunogenicity data and the partially unblinded efficacy data from the phase I trial, we subsequently obtained the clinical trial approval from the Philippines FDA to conduct the global phase II/III trial for ReCOV in January 2022. As of the Latest Practicable Date, we had initiated subject enrollment for such trial in the Philippines. In January 2022, we also obtained the unblinded clinical data for the remaining three cohorts and we were currently finalizing data analysis and clinical trial report as of the Latest Practicable Date. We plan to file the EUA/BLA application in 2022. We believe ReCOV will be highly differentiated in terms of mechanism of action, safety, efficacy, stability, manufacturing process and cost, subsequently giving us a clear advantage over competitor products:

- *Novel mechanism of action*. ReCOV uses an optimized antigen, which is an NTD-RBD-foldon trimer, highly expressed by CHO cells, and can form a structure highly similar to that of the natural S protein. Compared with full-length S protein antigens, the NTD-RBD-foldon trimer antigen is enriched with key epitopes, translating to potentially stronger immunogenicity, lower risk of ADE, and higher protein yield. Compared with RBD subunit vaccines, the NTD-RBD-foldon trimer antigen contains more conserved epitopes and has better cross-protection against emerging variants.

- *Positive safety profile*. ReCOV uses a high purity antigen protein and a clinically proven adjuvant, which we believe has contributed to a positive safety profile. In preclinical studies, the safety profile of ReCOV has been demonstrated in rodents, rabbits and monkeys, where fewer side effects were observed compared to vaccines constructed by other technical approaches, including mRNA vaccines and recombinant adenovirus vector vaccines.

- *Strong scalability and cost-effective manufacturing*. The manufacturing processes for ReCOV using CHO cells are well-refined to ensure highly scalable and high-quality production. We are using a self-developed novel adjuvant in ReCOV, enabling it to achieve scalability without reliance on any adjuvant supplier. Our manufacturing facility, can initially support a 100 million dose vaccine annual production capacity per year and capable of expanding to 300 million doses per year in the future. We also intend to collaborate with leading CMOs in China and overseas to significantly increase our manufacturing capacity.

- *Highly stable.* ReCOV is stable for at least three months at room temperature and is expected to be stable for at least 24 months in the standard cold chain, based on our ongoing stability studies. The strong stability profile makes ReCOV suitable for large population inoculation in developing countries and regions in hot climates with limited cold-chain logistics and infrastructure.

- *Cost advantages*. The high yield of unit fermentation volume and the scalability enable the cost advantages and worldwide accessibility of the ReCOV. As we are using a self-developed novel adjuvant for ReCOV, we are enabled to achieve scalability without reliance on any adjuvant supplier.

A pipeline of vaccine candidates covering diseases with significant unmet needs

We have adopted a vaccine development strategy aimed to firmly position us at the vanguard of the vaccine industry. In light of overarching vaccine industry trends, we have strategically developed a pipeline that extends from preventative to post-exposure prophylaxis. In addition to HPV and COVID-19, our comprehensive pipeline also includes a recombinant shingles vaccine, two TB vaccines for adults, an influenza quadrivalent vaccine, and an HFMD quadrivalent vaccine.

REC610 – Recombinant shingles vaccine candidate

We have developed an IND-enabling REC610, a recombinant shingles vaccine candidate. Shingles affects approximately 2.5 million adults in China every year and is dormant in almost all adults over 50 of age in China. Based on existing clinical studies, GSK's Shingrix®, an adjuvanted recombinant protein vaccine and the only shingles vaccine approved in China, is significantly superior to Merck's Zostavax®. The phase III clinical data of Shingrix® showed an effectiveness of 96.6% in the 50-59 age group, 97.4% in the 60-69 age group, and 91.3% in the over 70 age group.

REC610 adopts a similar recombinant protein technology as Shingrix®. We expect to apply our manufacturing know-how for the ReCOV to our shingles vaccine, which will enable synergistic manufacturing at commercial stage. We plan to submit the IND application for REC610 in 2022.

REC607 and REC606 – Adult TB vaccine candidates

TB is a communicable disease that is a major cause of ill health, one of the top 10 causes of death worldwide and the leading cause of death from a single infectious agent. In 2019, there were approximately 10 million TB patients worldwide, with approximately 1.2 million HIV-negative deaths from TB and approximately 208,000 HIV-positive deaths from TB. TB treatments are facing increasing multi-drug resistance and the only TB vaccine for adults was only recently approved in China in June 2021 with limited use for latent infection. In light of the public health crisis, the WHO and member states have pledged to decrease TB incidence and death rate by 90% and 95%, respectively, by 2035, indicating significant and urgent demand for TB vaccines.

We are developing two TB vaccine candidates for adults, namely the REC607 and REC606, one of which is a recombinant protein vaccine formulated with a novel adjuvant BFA01, benchmarking AS01. We are simultaneously collaborating with Shanghai Public Health Clinical Center with respect to a Sendai-viral-vectored vaccine candidate with a novel design of immunogen. This program was recognized as a Major National Science and Technology Project (國家科技重大專項課題) in 2018. We currently plan to submit the IND applications for these two candidates in 2023.

REC617 – Recombinant influenza quadrivalent vaccine candidate

Seasonal influenza presents a huge burden on global as well as PRC public health systems. The COVID-19 pandemic has become a major driver in influenza vaccine uptake. In head-to-head studies of Sanofi's Flublok and GSK's Fluarix, subjects inoculated with Flublok had a 30% less likelihood of experiencing influenza-like illnesses compared to Fluarix. We are developing REC617, adopting a similar approach with Flublok and adding a self-developed novel adjuvant to further increase tolerability, immunogenicity, length of protection, cross-protection capability and manufacturing scalability.

REC605 – HFMD quadrivalent vaccine candidate

HFMD is a contagious viral infection that is common in children. Common viruses which cause HFMD include EV71, CA16, CA10 and CA6. These viruses have caused over 90% of HFMD cases in China. Currently, EV71 inactivated vaccine is the only HFMD vaccine approved globally and in China. As such, the demand for multi-valent vaccines is significant. We are leveraging our protein engineering technology to develop a recombinant HFMD quadrivalent vaccine with increased serotype coverage of EV71, CA16, CA10 and CA6 and enhanced protection.

Self-developed advanced technology platforms that support and drive the development of next generation vaccine candidates

We have developed three advanced technology platforms for novel adjuvant development, protein engineering and immunological evaluation. These platforms empower us to continue to discover and develop subunit vaccines that apply advancing technologies in our vaccine candidates.

- ***Novel adjuvant platform.*** Adjuvants are substances that are used in conjunction with antigens to assist in antigen presentation and enhance immune responses. Conventionally, only the alum adjuvant was widely used in vaccines for human use. Since the early 21st century, novel adjuvants have been widely applied in the vaccine industry gradually, and created vaccine products that can stimulate higher and broader immune response. According to Frost & Sullivan, as of the Latest Practicable Date, only five novel adjuvants had been applied in FDA-approved vaccines for human use, namely AS01, AS03, AS04, CpG1018, and MF59, the components of which have been in the public domain for over 20 years. Through this platform, we are one of the few companies that have been able to develop adjuvant, benchmarking all of these FDA-approved adjuvants. This capability has enabled us to not rely on any particular adjuvant supplier. In addition, our platform also empowers us to discover and apply new adjuvants in the next generation vaccine candidates.

- ***Protein engineering platform.*** Our protein engineering platform utilizes a structure-based immunogen design approach to provide antigen optimization solutions for the development of subunit vaccines based on multi-disciplinary studies. This platform enables us to rapidly target and prepare pathogen-derived antigens, to define the structural basis of antigenicity, to understand mechanisms of immune protection and to guide rational immunogen design, which are critical steps in our vaccine development. In addition, our protein engineering platform can elicit immune response in different expression systems, including *E.coli*, *H. polymorpha*, baculovirus and CHO cell expression systems, among others. With this diversified expression system toolbox, we are able to select and apply the most suitable expression systems in vaccine development. Through this platform, we are capable of rapidly advancing the development of our COVID-19 and HPV vaccine candidates.

- ***Immunological evaluation platform.*** To elucidate the mechanism of immune protection for emerging and reemerging infectious diseases, immunological evaluation is a critical step in subunit vaccine discovery and development. With this platform, we are able to select the optimal antigen and adjuvant combination and in turn improve immunogenicity profile of our candidates. The immunological evaluation process involves multiple disciplines, including immunology, biology, molecular biology and clinical chemistry. Our core scientific team began to build our immunological evaluation platform as early as 2004 and we became one of the first in China to have such a platform. With this platform, we are one of the first companies that can conduct pseudoviral neutralization, ELISPOT, and ICS tests in China, which have been used in the development of our vaccine candidates.

Our technology platforms have formed a solid trifecta, creating synergies in antigen design and optimization, the development and production of adjuvants, and the identification of the optimal combination of antigens and adjuvants. Supported by these platforms, we're developing a sequence of subunit vaccine candidates. We are constantly upgrading our technology platforms to further enrich our R&D toolbox and believe that our technology platforms will continue to drive our vaccine development going forward.

In addition to our technology platforms, our IPD System lays the foundation for our R&D activities. The IPD System governs the entire life cycle of vaccine candidates. Empowered by the IPD System, we are able to advance multiple vaccine development projects simultaneously.

Scalable manufacturing capability.

Manufacturing and quality management are vital to guarantee the safety and efficacy for a commercialized vaccine product. Under the relevant PRC laws, vaccine products can only be commercially manufactured by vaccine companies, which sets a high barrier to achieve scalability. In addition, the manufacturing processes of vaccines involves a complex process, requiring profound professional knowledge and industrial skills. To address this industry pain point, we started to build up our manufacturing capabilities at an early stage to ensure our vaccine candidates can be smoothly transferred into successful commercial products. Our manufacturing and quality control system are built in compliance with the industry-leading GMP standard. We also have recruited many talents in charge of production and quality, who have gained abundant industry insights and profound understanding from their commercialization experience in vaccine companies.

In anticipation of the market demand of our vaccine candidates, we have invested heavily to build up manufacturing bases that can provide sufficient manufacturing capacity. We are constructing our HPV vaccine manufacturing facility in Taizhou, Jiangsu province, the first phase of which has a designed capacity of five million doses of HPV 9-valent vaccines or 30 million doses of HPV bivalent vaccines per year. The construction of the first phase of our HPV manufacturing facility is expected to be completed by the end of 2022. In addition, we completed the construction of our GMP-standard manufacturing facility for ReCOV in November 2021. The manufacturing facility, which can also be used for the manufacturing of recombinant shingles vaccines, has a total GFA of approximately 17,000 sq.m. and has the potential to support an annual manufacturing capacity of 300 million doses of ReCOV.

A seasoned management and scientific team consisting of leading scientists and industry experts.

We are led by an experienced management and elite scientific team consisting of industry-leading scientists with extensive experiences in academic studies of immunology and development of vaccine products and industry-leading experts who are familiar with bringing vaccine candidates from concept to market. Our management and scientific team primarily consists of the following:

- ***Dr. Liu Yong***, our Founder, Chairman of the Board, and general manager, has over 23 years of experience in the research, development, and commercialization of vaccines. Dr. Liu has served as a research professor at the China CDC and has led the development of the HIV DNA vaccine. Dr. Liu has also worked as a visiting scholar at the NIH Vaccine Research Center, where he carried out research on HIV. Dr. Liu has published over 60 publications in leading academic journals and held over 20 invention patents. He was an editorial board (the sixth) member of the Chinese Journal of Microbiology and Immunology, and the only Asian member of the Young and Early Career Investigators Committee (YECIC) of the Global HIV Vaccine Enterprise (GHVE). Moreover, he was elected as one of the third "Top Ten Innovative and Entrepreneurial High-level Talents" of Taizhou Pharmaceutical High-tech Zone, Dr. Liu was recognized as an excellent entrepreneurial individual (創業先進個人) on the tenth anniversary of the establishment of Taizhou Medical New & Hi-tech Industrial Development Zone in 2019.

- ***Dr. Chen Jianping***, our vice general manager, who has over 19 years' experience in immunology and molecule biology research and over 10 years' experiences in vaccine development. Dr. Chen has worked at the China CDC for seven years and leading academic institutions including Harvard University and NIH Vaccine Research Center in the U.S.. Dr. Chen has actively participated in the immunological evaluation and clinical study in the HIV vaccine candidate in China. Dr. Chen has been awarded the Second-class Prize of National Science and Technology Progress Award (國家科學技術進步獎二等獎) by the State Council of the PRC (中華人民共和國國務院).

- ***Mr. Zhou Hongjun***, our vice general manager, who has over 17 years' experience in vaccine R&D, commercialization, manufacturing and quality management. Mr. Zhou has led the commercialization of several leading vaccine products, including Hib vaccine, 13-valent and 23-valent pneumonia vaccine and A+C meningococcal disease vaccine. Mr. Zhou is very experienced in the GMP system as he has led several GMP accreditation review processes. Mr. Zhou was twice awarded second prize for Science & Technology Development/Achievement by the Yunnan provincial government.

- ***Ms. Chen Qingqing***, our vice general manager, chief financial officer and secretary of the Board, who has over 17 years' experiences in comprehensive financial management under different GAAP. She has served as the financial executive in leading TMT companies, such as Tencent, RENN, BEKE and QD, during their pre-IPO, IPO preparation and post-IPO stage.

- ***Dr. Zhang Jianhui***, our chief medical officer, had over 16 years of experience in clinical research and management at leading pharmaceutical companies such as Sanofi and Merck Sharp & Dohme and China CDC. Dr. Zhang has published or co-published over 50 publications on academic journals in immunology and other related areas.

- ***Mr. Li Bu***, our vice general manager, has over 21 years of experience in human resource management, including a PRC listed vaccine company.

- ***Dr. Hong Kunxue***, our chief scientist who provides valuable insights, critical advice and guidance regarding the research and development of our vaccine candidates. Dr. Hong has over 21 years of experience in vaccine discovery and development at China CDC and has served as scholar in leading academic institutes in the United States. Dr. Hong has published over 100 publications on academic journals in immunology and other related areas.

We have also received strong support from our shareholders, including leading investors in healthcare industry as well as major institutional investor such as Lake Bleu Capital, Temasek, Legend Capital and Sequoia Capital, representing recognition from our shareholders on our market position and growth potential. We believe our diversified shareholder base will fuel our future growth with financial support and industry insights.

BUSINESS STRATEGIES

Driven by our strong R&D capabilities, we focus on whole value chain innovation from R&D to commercialization in the vaccine industry.

We are implementing and continuously optimizing our IPD System, which will guide the direction for our vaccine development and enable us to advance different vaccine projects simultaneously. Furthermore, we will boost our market penetration and profitability by encouraging continuous innovation, refining our organization structure, company culture, and talent recruiting system, commercializing our technologies and products in the global market, and exploiting vaccine candidates and technologies internationally through collaboration. We intend to achieve our goals following these strategies:

Accelerate the R&D, clinical trial and commercialization of our vaccine candidates.

We have adopted and are continuously upgrading our IPD management system. Through this system, we can advance the development cycle of different vaccine candidates simultaneously by efficiently allocating internal and external resources. Empowered by this management system, we plan to rapidly advance the R&D, clinical trial and commercialization of our vaccine candidates, including:

- *HPV vaccine pipeline.* We will rapidly advance the development of our HPV vaccines. We plan to complete three-shot dosing for the phase III clinical trial of REC603, a recombinant HPV 9-valent vaccine candidate, our Core Product in the first half of 2022 and submit the BLA application in 2025. In addition, we plan to submit the BLA application for REC601 and REC602, the HPV bivalent vaccines in 2025. For our novel-adjuvanted HPV vaccine candidates, REC604a and REC604b, we plan to submit the INDs application in 2022 and 2023, respectively.

- *COVID-19 vaccines.* We are currently conducting phase I clinical trial for ReCOV in New Zealand. As of the Latest Practicable Date, we had obtained the major safety and immunogenicity data and the partially unblinded efficacy data. Based on such data from the phase I trial, we subsequently obtained the clinical trial approval from the Philippines FDA to conduct the global phase II/III trial for ReCOV in January 2022. As of the Latest Practicable Date, we had initiated subject enrollment for such trial in the Philippines. We plan to file the EUA/BLA for ReCOV in 2022. We are also collaborating with our business partners with respect to a pre-clinical mRNA COVID-19 vaccine candidate, R520A, and we plan to submit the IND application for R520A in the first half of 2022.

- *Others.* We will also rapidly advance the development and commercialization of our other vaccine candidates, including our recombinant shingles vaccine, adult TB vaccines, recombinant flu quadrivalent vaccine and recombinant HFMD quadrivalent vaccine.

In anticipation of our clinical-stage vaccine candidates, we are also building our manufacturing and commercialization capabilities. We are currently building two manufacturing plants for our HPV vaccine candidates and ReCOV. We are building our commercialization team and have formulated a clear commercialization strategy, aiming to penetrate diversified markets. Our commercialization will primarily focus on China market where we intend to build our own sales and marketing team and collaborate with other biotech companies who have robust domestic sales network to launch our products. We are also gradually stepping into overseas markets. We are exploring opportunities to collaborate with third parties to conduct clinical trials, seek regulatory approval and commence commercialization for our vaccine candidates. For developing countries, our strategy is to cooperate with local pharmaceutical giants and major NGOs in regions such as Southeast Asia, South Asia, South America, and Africa through technology transfer and joint-ventures. For developed countries, we plan to enter into strategic partnership on R&D and marketing with global-leading pharmaceutical companies in Europe and the United States to penetrate these markets.

Continue to strengthen our R&D capabilities.

We will continue to upgrade our technology platforms. For example, we are exploring the opportunity to develop new immune potentiators, such as substitutes for MPL and QS21 with better safety and efficacy profiles and to develop novel adjuvants. Recognizing the technology trends in mRNA vaccines, we are exploring the opportunities to step into the field of mRNA technology through third party collaboration or in-house R&D. We believe this will further boost our vaccine development programs.

We will also advance R&D activities to develop therapeutic vaccines through our technology platform. In particular, we will explore the opportunities to use our vaccines in conjunction with other immunotherapies (such as PD-1 or siRNA) in the treatment of cancers and latent infections.

Refine our organization structure and human resource management to enhance our competitiveness.

We will continue to refine our organization structure, especially the IPD System, which aims to ensure dedication from each business departments in R&D projects in an efficient way. Supported by the IPD management system, we will continue to refine our organization structure to further improve our operational efficiency. We will continue to invest in IT system to enhance our operating efficiency.

We believe our talented employees are our most valuable assets. We have established a comprehensive internal training program covering new employee, key employees and senior management. We plan to recruit more talented personnel to support our business expansion.

Advance our international strategy through "going-out" and "bringing-in" strategies.

We are a vaccine company with a global vision. We believe our comprehensive vaccine portfolio has the potential to benefit population all over the world. For example, we are conducting data analysis of the phase I clinical trial for ReCOV in New Zealand for which we have obtained the major safety and immunogenicity data and the partially unblinded efficacy data. Base on such data, we subsequently obtained the IND approval from Philippines FDA to initiate the phase II/III clinical trial for ReCOV. We plan to seek commercialization globally for our vaccine candidates. For developed countries, we will explore opportunities to collaborate with global-leading MNCs to commercialize our HPV vaccines and ReCOV in overseas market. For developing countries, we plan to engage local partners and set up local manufacturing facilities with them. We will also collaborate with global reputable non-government organizations to bring our products to larger populations.

We will continue to explore opportunities to bring in global advanced technologies and recruit overseas talents to supplement our in-house R&D capabilities. We are also evaluating the opportunities to establish an overseas R&D center to closely collaborate with local academic institutes and scientists overseas and to fuel our continuous R&D activities.

OUR VALUE PROPOSITION

Vaccine is a biological preparation that provides active acquired immunity against a particular disease, which typically contains one or several antigens from, or similar to, a disease-causing microorganism and improves immunity to a particular disease upon administration by inducing specific immune responses. Vaccinology has rapidly developed with advances in immunology, microbiology and genomics, including the development of technology platforms and vaccine delivery systems as well as adjuvants to boost the efficacy of vaccines. Innovative technologies have significantly propelled the growth of vaccine market and created various types of subunit vaccines, including recombinant protein vaccines, viral vector vaccines, and nucleic acid vaccines, providing a safer and more effective vaccine solution. In 2020, with the outburst of the COVID-19 pandemic, vaccines have been considered to be the most effective ways to control the pandemic in long term. As such, the market demand

for subunit vaccines are expected to be accounted for over 85% of the total vaccine market in China in 2030, according to Frost & Sullivan. Among all of the subunit vaccines, recombinant protein vaccines provide a safe and scalable solution to provide protection against prevalent diseases. Nevertheless, one of the key technology pain points in developing recombinant protein vaccines is to select and use the most suitable adjuvants. In general, recombinant protein vaccines have better safety profile but a weaker immunogenicity and therefore needs novel and powerful adjuvants to enhance the immunogenicity performance. With the technologic and scientific advances in understanding human immunity, scientists have identified more innovative and novel adjuvants that can be used in recombinant protein vaccines.

Recognizing the industry pain points in developing novel adjuvants and market demand for subunit vaccines addressing unmet medical needs, we commit to the development and application of novel adjuvants to launch subunit vaccines to address currently unmet public health needs. Our vaccine development are strategically focusing on disease areas with significant burden globally and the potential to be addressed by subunit vaccines. The layout of our product pipelines is primarily guided by the following philosophy – "OPTI".

- ***Opportunities*** – We focus on vaccine candidates with vast market opportunities and significant unmet medical needs.

- ***Prudence*** – We allocate accessible resources strategically and minimize potential risks with prudence.

- ***Technology*** – We refine our vaccine candidates with advanced technologies to deliver positive safety and efficacy profiles with significant clinical benefits.

- ***Intellectual Property*** – We constantly enhance intellectual property protection for our vaccine candidates and ensure our vaccine candidates comply with all applicable intellectual property laws and regulations.

OUR VACCINE PIPELINE

Our vaccine portfolio strategically covered six disease areas with significant burden globally, including HPV, COVID-19, shingles, adult TB, flu and HFMD. As of the Latest Practicable Date, our vaccine portfolio consisted of 12 vaccine candidates. In particular, our Core Product, REC603, a recombinant HPV 9-valent vaccine candidate, was in the process of phase III clinical trial in China. We are also conducting clinical trials for two recombinant HPV bivalent vaccines in China and ReCOV, a recombinant COVID-19 vaccine candidate overseas. The following table summarizes our vaccine pipeline as of the Latest Practicable Date.

Diseases	Candidates	Type of Vaccine	Adjuvant Systems	Product Rights[5]	Commercial Rights	R&D Status	Future Milestone
Cervical Cancers & Genital Warts	REC603	Recombinant HPV 9-valent vaccine ★	Alum	Self-developed	Global	Phase III[4]	Expected to submit BLA application in 2025
	REC601	Recombinant HPV bivalent (Types 16/18) vaccine	Alum	Self-developed	Global	Phase II	Expected to submit BLA application in 2025
	REC602	Recombinant HPV bivalent (Types 6/11) vaccine	Alum	Self-developed	Global	Phase II	Expected to submit BLA application in 2025
	REC604a	2nd-generation recombinant HPV quadrivalent vaccine	Undisclosed novel adjuvant[3]	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2022
	REC604b	2nd-generation recombinant HPV 9-valent vaccine	Undisclosed novel adjuvant[3]	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2023
COVID-19	ReCOV	Recombinant COVID-19 vaccine	BFA03	Co-developed[1]	Global	Phase II[6]	Expected to submit EUA/BLA application in 2022
	R520A	mRNA COVID-19 Vaccine	-	Co-developed[7]	Global	Pre-clinical	Expected to submit IND filing in 2022H1
Shingles	REC610	Recombinant shingles vaccine	Undisclosed novel adjuvant[3]	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2022, BLA application in 2024
Adult TB	REC607	Virus vectored adult TB vaccine ★	-	License-in[2]	Global	Pre-clinical	Expected to submit IND filing in 2023, BLA application in 2026
	REC606	Recombinant adult TB vaccine	BFA01	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2023, BLA application in 2026
Flu	REC617	Recombinant influenza quadrivalent vaccine	Undisclosed novel adjuvant[3]	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2023, BLA application in 2025
HFMD	REC605	Recombinant HFMD quadrivalent vaccine	Alum	Self-developed	Global	Pre-clinical	Expected to submit IND filing in 2023, BLA application in 2026

★ Core Product ★ Major National Science and Technology Project

(1) ReCOV was co-developed with Jiangsu Province Center for Disease Control and Prevention and the Management Committee of Taizhou Medical New & Hi-tech Industrial Development Zone.

(2) REC607 was licensed in from Shanghai Public Health Clinical Center, ID Pharma Co., Ltd. and Shanghai Saimo Biotechnology Ltd.

(3) "Undisclosed novel adjuvant" refers to a novel self-developed novel adjuvant to be adopted in the vaccine candidate.

(4) Our Core Product, REC603, obtained the umbrella IND approval from the NMPA in July 2018. The umbrella IND approval covers all three phases (phase I, II and III) clinical trials of REC603. Based on communications with the CDE of the NMPA, the NMPA has no objection for us to proceed phase III clinical trial in China directly. Accordingly, we did not conduct any phase II clinical trial for REC603.

(5) All of our self-developed product candidates, including those developed prior to the acquisition of Beijing ABZYMO in January 2019 are co-developed and co-owned by Beijing ABZYMO and us. For details, see "History, Development and Corporate Structure."

(6) We obtained the preliminary data for the phase I New Zealand trial for ReCOV in October 2021 and we are currently finalizing data analysis and clinical trial report for such trial. Based on the partial unblinded data from the phase I trial, we subsequently obtained the IND approval for ReCOV to conduct multicenter phase II/III trial in January 2022. We plan to submit the EUA/BLA application for ReCOV in 2022.

(7) R520A is a mRNA COVID-19 vaccine candidate developed by Wuhan Recogen, a joint venture established by us and our business partners for the R&D and commercialization of mRNA vaccines. As of the Latest Practicable Date, we owned 55% of the equity interest in Wuhan Recogen. For details, see "Summary – Recent Development and No Material Adverse Change."

HPV VACCINE PIPELINE

Overview

Human papillomavirus ("**HPV**") is the most common pathogen of reproductive tract. Although most of the HPV infections may clear up within a few months without any intervention, certain infections can persist and progress to cervical cancer. These high-risk HPV infections are mainly caused by HPV types 16, 18, 31, 33, 45, 52 and 58, which account for approximately 90% of cervical cancer cases globally. In addition, HPV types 6 and 11 caused approximately 90% of the anal and genital warts globally. As such, HPV bivalent vaccines (types 16 and 18) can protect against approximately 70% cervical cancers and approved HPV quadrivalent vaccines (type 6, 11, 16 and 18) can protect against approximately 70% cervical cancers and approximately 90% anal and genital warts. HPV 9-valent vaccines further extend its protection to approximately 90% cervical cancers and 90% anal and genital warts. In 2020, cervical cancer has caused 4,290 deaths in the U.S. and 59,060 deaths in China.

It is widely accepted that HPV vaccine can play an important role in eliminating cervical cancer as it can prevent HPV infection on certain high risk types. In addition, some cancers of the anus, vulva, vagina, and oropharynx and most genital warts can be prevented by HPV vaccines. In 2020, WHO issued the Global Strategy to Accelerate the Elimination of Cervical Cancer, which recommended 90% of girls to complete vaccination before the age of 15 by 2030. In China, National Health Commission has formulated Healthy China Initiative — Implementation Plan for Cancer Prevention and Treatment (2019-2022), which emphasizes that the scientific publicity of HPV vaccine should be strengthened and the vaccination should be promoted in the recommended age group. Local government has also established government-funded projects to provide free HPV vaccines to girls and female teenagers.

Market Opportunities

In 2020, cervical cancer has caused 4,290 deaths in the U.S. and 59,060 deaths in China. According to the *Global Strategy to Accelerate the Elimination of Cervical Cancer* issued by the WHO, three measures were recommended to eliminate cervical cancer, namely vaccination, screening and treatment. Under the Strategy, 90% of the girls are recommended to complete HPV vaccination before age of 15 by 2030. By the end of 2020, there are 110 countries which have included HPV vaccines into their routine national immunization schedule. In December 2020, China stated that it will fully support the Strategy to accelerate the elimination of cervical cancer, which is expected to significantly drive the growth of China's HPV market. It is expected that HPV vaccines will be included in the national immunization regime in China in the future.

From 2015 to 2020, the global sales revenue of HPV products of Merck has increased from US$1.9 billion to US$3.9 billion at a CAGR of 15.6%, indicating their efforts in scaling up the manufacturing capacities of HPV vaccines. Since the approval of Gardasil and Gardasil 9 in China in 2017 and 2018, the total lot release till 2020 in China amounted to 16.9 million and 9.6 million, respectively, according to Frost & Sullivan. As such, as of year-end 2020 the total number of females that have received all three doses of Gardasil and Gardasil 9 in China were less than 8.8 million. Nevertheless, according to Frost & Sullivan, HPV vaccines generally have a low full-course vaccination rate of less than 1% in China in terms of total population by the end of 2020 and it is expected that there will be 233.9 million females in China aged 9-45 unvaccinated for HPV in 2025 even taking into account of the expected growth in vaccination rate of HPV vaccines, representing a potentially total of additional 701.7 million doses needed assuming 3 doses per person. Even if the manufacturing capacity of Merck continues to scale up at a similar level, there will be a significant supply gap of HPV vaccines in China. As such as concurred by Frost & Sullivan, our Directors believe that it is unlikely that Merck's scalability to increase its production of its HPV vaccine products will capture all the unmet demand and there will continue to be significant opportunities for our HPV vaccine candidates. Based on the discussion with management of the Company and Frost & Sullivan so far and to the best knowledge and information of the Joint Sponsors, nothing has come to the attention of the Joint Sponsors for them to cast doubt on the view of our Directors expressed above.

Currently, there are three kinds of HPV vaccines under commercialization globally, namely HPV bivalent vaccine, HPV quadrivalent vaccine and HPV 9-valent vaccine. In December 2014, the first HPV 9-valent vaccine was approved by the FDA in the United States, which targets HPV types 6, 11, 16, 18, 31, 33, 45, 52 and 58. HPV 9-valent vaccines generally can provide comprehensive protection against approximately 90% cervical cancer cases and is widely-considered as the most effective vaccine against HPVs. Currently, there are four marketed HPV vaccines in China, with the only approved HPV 9-valent vaccine accounting for over 48.5% of the total market share in 2020. The following table summarizes marketed HPV vaccines in China as of the Latest Practicable Date.

Brand Name	General Name	Manufacturer	Adjuvant	Dosage	Approval Agency	Approved Time	2020 Lot Release, thousand	Biding Price/ Dose, RMB	2020 Production Value, million RMB	2020 Bidding Market Share	Vaccination Schedule
										%	
Cecolin	Human Papillomavirus Bivalent (Types 16 and 18) Vaccine, Recombinant	Xiamen Innovax Biotech	$AI(OH)_3$	0.5 mL each	NMPA	12-2019	2,456.1	329	808.1	6.0	**9-14 years:** 2 doses at 0, 6 months, or 3 doses at 0, 1, 6 months **15-45 years:** 3 doses at 0, 1, 6 months
Cervarix	Human Papillomavirus Bivalent (Types 16 and 18) Vaccine, Recombinant	GlaxoSmithKline Biologicals S.A.	AS04	0.5 mL each	NMPA	07-2016	689.7	580	400.0	3.0	**9-45 years:** 3 doses at 0, 1, 6 months
					FDA	10-2009	N/A	N/A	N/A		**9-25 years:** 3 doses at 0, 1, 6 months
					EMA	09-2007	N/A	N/A	N/A		**9-14 years:** 2 doses at 0 and 5 to 13 months **15 years or above:** 3 doses at 0, 1, 6 months

Brand Name	General Name	Manufacturer	Adjuvant	Dosage	Approval Agency	Approved Time	2020 Lot Release, thousand	Biding Price/ Dose, RMB	2020 Production Value, million RMB	2020 Bidding Market Share %	Vaccination Schedule
Gardasil	Human Papillomavirus Quadrivalent (Types 6, 11, 16, 18) Vaccine, Recombinant	Merck Sharp & Dohme Corp.	Amorphous Aluminum Hydroxypho-sphate Sulfate	0.5 mL each	NMPA	05-2017	7,219.5	798	5,761.1	42.5	**20-45 years:** 3 doses at 0, 2, 6 months
					FDA	06-2006	N/A	N/A	N/A	N/A	**9-26 years:** 3 doses at 0, 2, 6 months
					EMA	09-2006	N/A	N/A	N/A	N/A	**9-13 years:** 2 doses at 0, 6 months, or 3 doses at 0, 2, 6 months **14 years or above:** 3 doses at 0, 2, 6 months
Gardasil 9	Human Papillomavirus 9-valent (Types 6, 11, 16, 18, 31, 33, 45, 52 and 58) Vaccine, Recombinant	Merck Sharp & Dohme Corp.	Amorphous Aluminum Hydroxypho-sphate Sulfate	0.5 mL each	NMPA	04-2018	5,066.4	1,298	6,576.2	48.5	**16-26 years:** 3 doses at 0, 2, 6 months
					FDA	12-2014	N/A	N/A	N/A	N/A	**9-14 years:** 2 doses at 0 and 6-12 months, or 3 doses at 0, 2, 6 months **15-45 years:** 3 doses at 0, 2, 6 months
					EMA	06-2015	N/A	N/A	N/A	N/A	**9-14 years:** 2 doses at 0 and 6-12 months, or 3 doses at 0, 2, 6 months **15 years or above:** 3 doses at 0, 2, 6 months

Source: FDA, EMA, NMPA, Company Websites, F&S Report

As of the Latest Practicable Date, there were 17 HPV vaccines under clinical trials in China. The following table summarizes the details of HPV vaccine candidates under clinical trial in China.

Valent	General Name	Manufacturer	Adjuvant	Clinical Phase	First Posted Time	Technical Type	Serotypes	Applicable Age
Bivalent	**REC602**	**Our Company**	**N/A**	**I**	**01-2021**	**Recombinant**	**6, 11**	**18-45**
	REC601	**Our Company**	**N/A**	**I**	**01-2019**	**Recombinant**	**16, 18**	**9-45**
	Recombinant Human Papillomavirus Bivalent Vaccine (Yeast)	Shanghai Zerun Biotechnology	Aluminum phosphate adjuvant	BLA	04-2021	Recombinant	16, 18	9-30
	Recombinant Human Papillomavirus Bivalent Vaccine (Escherichia coli)	Beijing Wantai Biological Pharmacy Enterprise	N/A	II	03-2016	Recombinant	6, 11	18+
3-valent	Recombinant Human Papillomavirus 3-valent Vaccine (Escherichia coli)	Beijing Health Guard Biotechnology	Aluminum adjuvant	III	09-2020	Recombinant	16, 18, 58	18-45
Quadrivalent	Recombinant Human Papillomavirus 4-valent Vaccine (Hansenula polymorpha)	Shanghai Bowei Biological Technology Co., Ltd.	N/A	III	08-2021	Recombinant	6, 11, 16, 18	9-19
			N/A	III	05-2020	Recombinant	6, 11, 16, 18	20-45
	Human Papillomavirus 4-valent Vaccine (Saccharomyces cerevisiae)	Merck Sharp & Dohme	Amorphous hydroxy phosphate aluminum sulfate adjusvant	III	06-2018	Recombinant	6, 11, 16, 18	9-26
	Recombinant Human Papillomavirus 4-valent Vaccine (Hansenula polymorpha)	China National Pharmaceutical Group	N/A	III	01-2018	Recombinant	6, 11, 16, 18	18-45
			N/A	II	12-2017	Recombinant	6, 11, 16, 18	9-45
			N/A	I	06-2017	Recombinant	6, 11, 16, 18	31-45
			N/A	I	09-2016	Recombinant	6, 11, 16, 18	9-17 (in males) and 9-30 (in females)
	Recombinant human papillomavirus 4-valent VLPs vaccine (Pichia pastoris)	Shanghai Institute Of Biological Products	N/A	II	03-2019	Recombinant	16, 18, 52, 58	20-45
			N/A	I	03-2019	Recombinant	16, 18, 52, 58	9-45

Valent	General Name	Manufacturer	Adjuvant	Clinical Phase	First Posted Time	Technical Type	Serotypes	Applicable Age
9-valent	**REC603**	**Our Company**	**Aluminum adjuvant**	**III**	**06-2021**	**Recombinant**	**6, 11, 16, 18, 31, 33, 45, 52, 58**	**9-45**
	Recombinant Human Papillomavirus 9-valent Vaccine (Hansenula polymorpha)	Shanghai Bowei Biological Technology	Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	05-2021	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	9-45
			Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	07-2020	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	16-26
			Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	04-2020	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	20-45
	Recombinant Human Papillomavirus 9-valent Vaccine (Escherichia coli)	Beijing Health Guard Biotechnology	Aluminum hydroxide adjuvant	III	04-2021	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	20-45
	Recombinant Human Papillomavirus 9-valent Vaccine (Escherichia coli)	Beijing Wantai Biological Pharmacy Enterprise	N/A	III	09-2021	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	9-17 (in males) and 9-26 (in females)
			N/A	III	03-2021	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	18-26
			N/A	III	08-2020	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	18-45
	Human Papillomavirus 9-valent Vaccine (Saccharomyces cerevisiae)	Merck Sharp & Dohme	Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	03-2022	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	9-14 (in males)
			Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	10-2021	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	20-40 (in males)

Valent	General Name	Manufacturer	Adjuvant	Clinical Phase	First Posted Time	Technical Type	Serotypes	Applicable Age
			Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	05-2019	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	20-45
			Amorphous hydroxy phosphate aluminum sulfate adjuvant	III	03-2019	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	9-45
	Recombinant Human Papillomavirus 9-valent Virus-like particle vaccine	Shanghai Zerun Biotechnology Co., Ltd.	Amorphous phosphate adjuvant	I	03-2019	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	9-45
	Recombinant Human Papillomavirus 9 valent Vaccine (Escherichia coli)	Beijing Health Guard Biotechnology	Aluminum hydroxide adjuvant	I	06-2021	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58	9-45 (in males)
11-valent	Recombinant Human Papillomavirus 11-valent Vaccine (Hansenula polymorpha)	China National Pharmaceutical Group	N/A	III	03-2022	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58, 59, 68	18-45
			N/A	II	07-2020	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58, 59, 68	18-26
			N/A	I	09-2019	Recombinant	6, 11, 16, 18, 31, 33, 45, 52, 58, 59, 68	9-45
14-valent	Recombinant Human Papillomavirus 14-valent Vaccine	The Sinocelltech Ltd. Beijing Nuoning Biotechnology	Aluminum adjuvant	II	09-2021	Recombinant	6, 11, 16, 18, 31, 33, 35, 39, 45, 51, 52, 56, 58, 59	18-45

Source: CDE, F&S Report

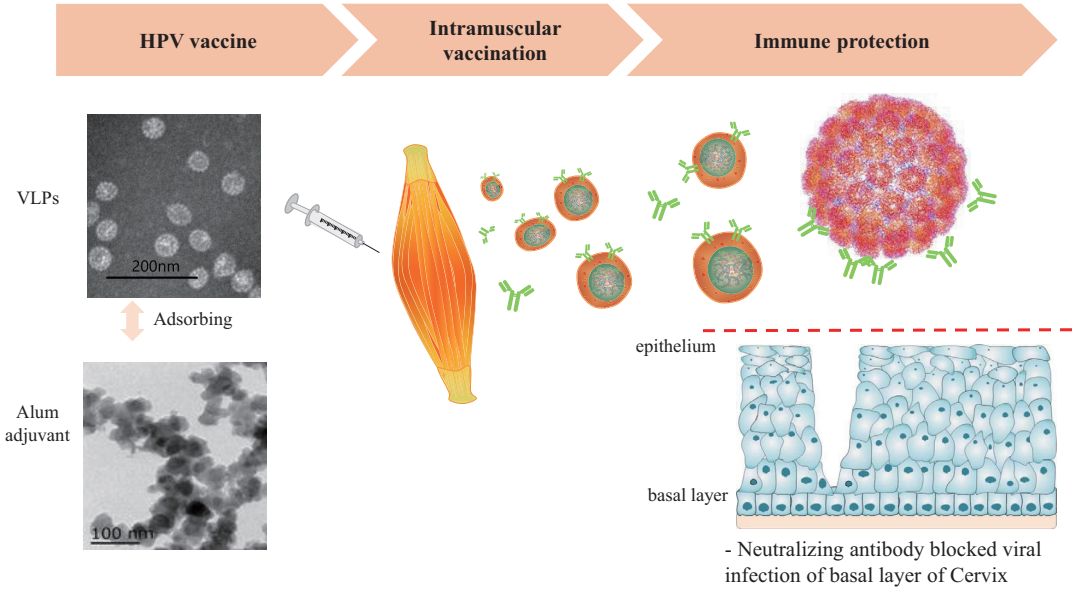
REC603 – Phase III Stage HPV 9-Valent Vaccine

REC603, our Core Product, is designed to provide protection against HPV types 6, 11, 16, 18, 31, 33, 45, 52 and 58. According to Frost & Sullivan, these HPV types caused approximately 90% of all cervical cancer cases and 90% of anal and genital warts in 2020. Globally, the incidence of cervical cancer ranked ninth in all kinds of cancers in 2020, and the number of confirmed cases reached a total of 604.1 thousand. In China, the incidence ranked eighth among all kinds of cancers and the number of confirmed cases reached a total of 118.5 thousand in 2020. In addition, the mortality rate of cervical cancer was 4.41 per 100,000 people globally and 4.18 per 100,000 people in China in 2020 according to the same source. We initiated the R&D of REC603 in June 2012 when Beijing ABZYMO and Jiangsu Recbio entered into the Collaboration Agreement to jointly develop HPV Preventive Vaccine (Recombinant *H. polymorpha*). For details, see "History, Development and Corporate Structure—Overview." Beijing ABZYMO and the Company jointly applied, and obtained the umbrella IND approval for REC603 in July 2018. The umbrella IND approval covers all three phases (phase I, II and III) of clinical trials. As we were focusing on the acquisition of Beijing ABZYMO and series A financing, as well as preparation of the raw materials, staff support and engaging third parties for the phase I clinical trial, we commenced the phase I clinical trial of REC603 in China in March 2019. We completed phase I clinical trial of REC603 in China in July 2020.

After the completion of phase I clinical trial of REC603, we submitted the safety and immunogenicity data from the trial to the CDE as well as our proposed protocol of our planned phase III trial. After reviewing our clinical data and proposed phase III clinical trial protocol, based on the safety and immunogenicity data of REC603 in its phase I clinical trial in China the CDE agreed that we can waive phase II clinical trial and proceed phase III clinical trial in China directly. Based on the umbrella IND approval we obtained for REC603 in July 2018 and the existing PRC laws and regulations, the umbrella IND approval for REC603 shall also apply to the phase III clinical trial and we do not need to apply for a revised IND. Accordingly, we did not conduct any phase II clinical trial for REC603 and we are in the process of conducting phase III clinical trial in China, which we have completed 12,500 subjects enrollment for the potency tests. We plan to complete the three-shot dosing in the first half of 2022 and to submit BLA application to the NMPA for REC603 by 2025. Since obtaining the IND approval in China, no material unexpected or adverse changes in relation to REC603 have occurred.

Mechanism of Action

Persistent infection of high-risk HPV types leads to cervical cancer. Our recombinant HPV 9-valent vaccine adopts the *H. polymorpha* expression system to produce high quality VLPs. The mechanism of protection conferred by HPV vaccines is mediated by polyclonal neutralizing antibodies against the major viral coat protein L1. Circulating antibodies generated by vaccination will reach the site of infection by active IgG transudation at least in the female genital tract, and by passive exudation at sites of trauma that are required for initiation of HPV infection, and therefore prevent persistent infection. The following graphs illustrates the MoA of our recombinant HPV 9-valent vaccine.



Our Advantages

We believe REC603 has the following advantages.

- *Positive immunogenicity profile.* REC603 demonstrates a positive immunogenicity profile in its phase I clinical trial. In general, we observed a significant increase in terms of NAb GMT level against all of the target HPV types.

- *High-yield and stable production of HPV VLPs.* REC603 adopts *H. polymorpha* expression system. In general, the VLPs expressed from different expression systems are all highly similar to natural HPV capsid in structure and epitope in order to trigger immune response after vaccination, including those being produced by *H. polymorpha* expression system. *H. polymorpha,* a methylotrophic yeast species, is able to grow to very high cell density rapidly on simple media and has relatively high optimum growth temperature. Owing to its strong and tunable promoters derived from the methanol utilization pathway, high secretion capacity, and lower hyperglycosylation activity compared to *S. cerevisiae*, *H. polymorpha* is suitable for

production of recombinant proteins for medical use. With high copies of expression cassettes integrated stably in the genome of *H. polymorpha*, high-yield and stable expression of HPV VLPs is achieved, making our vaccine candidate more suitable for commercial production.

- *Favorable safety profile*. REC603 was safe and well-tolerated as shown in the phase I clinical trial for REC603. There were no statistical differences in terms of incidences of AEs between the vaccine group and the placebo group. There were only 43 subjects experiencing AEs (53.75%), in the vaccine group, demonstrating a favorable safety profile. The main adverse reactions were expected fever and inject site pain, mostly were transient and mild. For details, see "—Business Strategies—HPV Vaccine Pipeline—REC603—Phase III Stage HPV 9-Valent Vaccine."

- *Scalable manufacturing potential.* Our patented technology in HPV VLPs in combination with optimized fermentation strategy and purification process enable us to achieve high and stable yield in bulk production. With well-defined critical process parameters, manufacturing of REC603 can be easily scaled-up to meet the market demand domestically and globally.

Summary of Clinical Trial

Overview

We submitted the IND application for REC603 in December 2017 and obtained the umbrella IND approval in July 2018. In March 2019, we initiated phase I clinical trial in China, which was completed in July 2020. Based on communications with the NMPA, it has no objection for us to proceed phase III clinical trial in China directly. As advised by our PRC Legal Advisers, pharmaceutical companies would be able to initiate phase III clinical trial after phase I clinical trial upon obtaining consent from the NMPA. Accordingly, we did not conduct any phase II clinical trial for REC603. From July 2020 to June 2021, we were finalizing the phase III clinical trial protocol, completing ethical approval from each trial site and conducting training to each trial site for the phase III clinical trial. We initiated the phase III clinical trial in China in June 2021. To date, we have completed 12,500 subjects enrollment for the potency tests. We will subsequently conduct up to 60-month follow-up on all volunteers and currently expect to complete three-shot dosing in the first half of 2022. We plan to submit BLA application to the NMPA for REC603 by 2025 and commence commercialization afterwards.

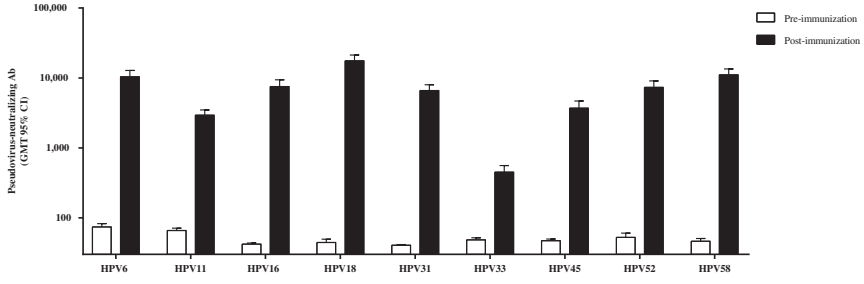
Phase I Clinical Trial in China

From March 2019 to July 2020, we conducted a randomized, double-blind and placebo-controlled phase I clinical trial for REC603 to evaluate its safety and immunogenicity profile. During the trial, 160 subjects were enrolled in the phase I clinical trial for REC603, including 80 females aged between 18 to 45 and 80 females aged between nine to 17. Each subject shall receive three shots within six months. The primary endpoint was the incidences of AEs and SAEs from the first shot till six months after the last shot. Except for one volunteer

in the trial group failed to receive the third shot due to pregnancy, all the remaining volunteers had completed the trial. As a norm in the vaccine industry, the phase I clinical trial primarily focuses on evaluation of the vaccine candidate's safety and immunogenicity profile, and does not include a head-to-head comparison between REC603 and other commercialized HPV 9-valent vaccine(s) in China.

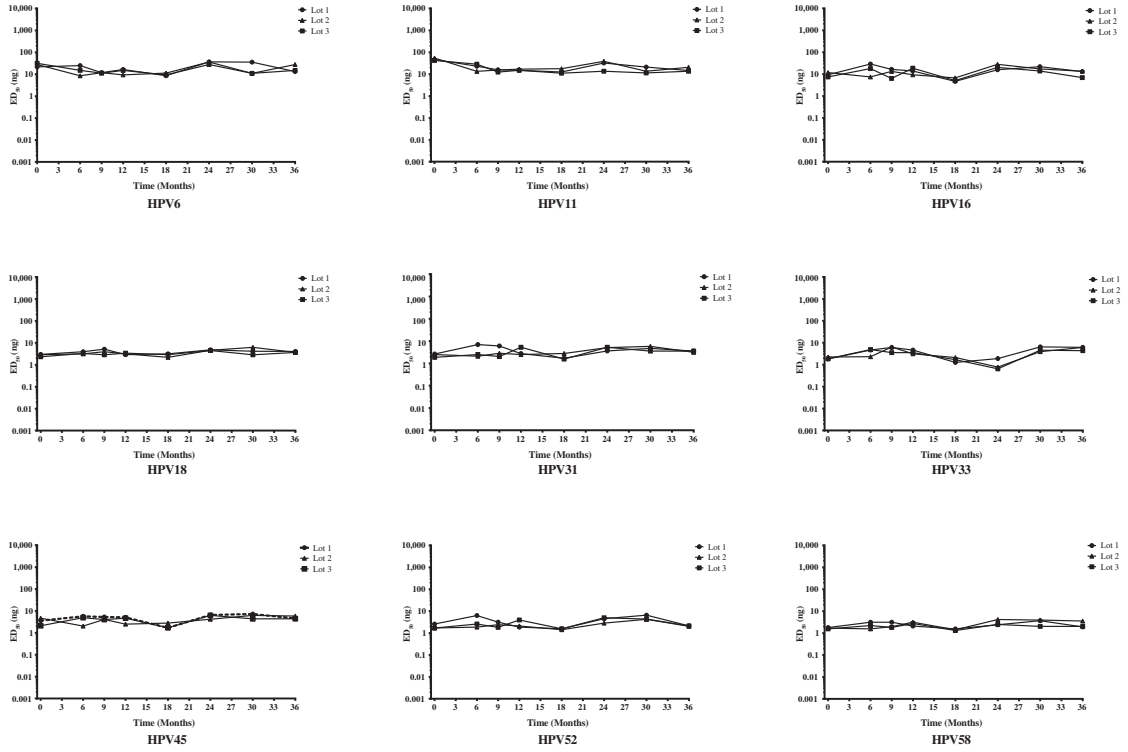
Safety profile. There were no statistical differences in terms of incidences of AEs between the vaccine group and the placebo group. During the clinical trial, there were only 43 subjects that experienced AEs in the vaccine group (53.75%). No significant differences were observed for vaccination-related AEs in the trial group (51.25%) and in the placebo group (45.00%). There were four incidences Grade III AEs relating to the vaccine observed, including one incidence of redness, two incidences of swollen and one incidence of RBC abnormality.

Immunogenicity profile. Significant immune responses were induced in vaccine group with high neutralizing antibody titers against all vaccine-covered HPV types. Defined as 4-fold increase in neutralizing antibody titers, serologic conversion rates in vaccine group were 100% for HPV types 6, 11, 16, 18, 31, 45, 52 and 58. The following chart illustrates the GMT of neutralizing antibody tiers profile of our vaccine candidate we observed during the clinical trial.



Preclinical studies

REC603 also demonstrated favorable shelf life. When stored in a temperature-controlled (2-8°C) environment, in vivo potency measured by ED_{50} of each HPV type remained relatively stable. The following graphs illustrate the ED_{50} of each target HPV type in three lots.



Ongoing phase III clinical trial in China

In June 2021, we commenced a multi-center, randomized, blinded and placebo-controlled phase III clinical trial for REC603 in China. The clinical trial also includes a head-to-head comparison with Gardasil 9, the only approved HPV 9-valent vaccine in China. The leading PIs for this clinical trial are Mr. Xia Shengli (夏勝利) from Henan CDC and Dr. Zhao Jian (趙健) from Peking University No. 1 Hospital.

The major study objective of the phase III clinical trial is to evaluate the protective efficacy of REC603 in healthy female subjects aged 9 to 45 against cervical cancers caused by HPV type 6/11/16/18/31/33/45/52/58 infections. To date, we have completed 12,500 subjects enrollment for the potency tests for its phase III trial. The subjects enrolled are primarily females aged 18 to 45 who shall be healthy and are sexually active. In addition, we also plan to conduct a sub-study in healthy females aged 9 to 17. All the subjects (including their legal guardians if they are aged 9 to 17) shall provide informed written consent to be enrolled in this trial. All the enrolled females will be divided into three different cohorts, namely, REC603 cohort, placebo cohort and Gardasil 9 cohort and each shall receive three shots of respective vaccine/placebo. The primary endpoint is the cervical intraepithelial neoplasia caused by HPV

type 6/11/16/18/31/33/45/52/58 within one month after completing the three-shot. In order to evaluate the long-term immunogenicity of REC603, we will conduct follow-up evaluations and studies at seven months, 12 months and once every six months afterwards up to 60 months following the receiving of the third shot. At each follow-ups, we will conduct gynecological examination and HPV DNA testing to evaluate the efficacy of REC603. In addition, at one month, six months, 18 months, 30 months, 42 months and 54 months, we will collect blood sample of 3.5 mL on each subjects and conduct immunogenicity evaluations. We will not conduct any post-marketing follow-up evaluations on these subjects. The clinical protocol has been reviewed and agreed by the CDE of NMPA, which shall form the basis for the BLA application of REC603 in China.

Considering the fact that the current HPV vaccine market in China is significantly under-served with only one commercialized HPV 9-valent vaccine and the growing awareness of cervical cancer prevention in China, we have been able to enroll over 1,500 subjects within the first three weeks after the clinical trial. In October 2021, we completed the subject enrollment. As such, we currently expect we will complete three-shot dosing in the first half of 2022. We plan to submit the BLA application for REC603 to the NMPA in 2025 based on interim results we obtained for up to 36 months after dosing.

Material Communications and Next Steps

We obtained the umbrella IND approval in July 2018 and completed the phase I clinical trial in China in July 2020. Since then, we had several rounds of communications with the CDE of the NMPA with respect to the clinical design and regulatory pathway of our REC603. In July 2020, we initiated communication with the CDE with respect to the clinical trial design for phase III clinical trial of REC603 and submitted the preliminary clinical trial data we collected from the phase I clinical trial. CDE provided a written reply to us in April 2021, which set out their suggestions with respect to the phase III clinical trial protocol. In this reply, CDE does not raise comments with respect to our plan to proceed phase III clinical trial in China directly without commencing a phase II clinical trial. We adopted their suggestions and submitted a revised clinical trial protocol to the CDE in May 2021. In June 2021, CDE agreed that we may proceed to the phase III clinical trial based on the updated clinical trial protocol for REC603. During these communications, we had no difficulties in addressing their comments.

We commenced the phase III clinical trial for REC603 in June 2021 and subsequently completed 12,500 subjects enrollment for the potency test in October 2021. Subsequently, we will conduct up to 60-month follow-up on all the volunteers.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR REC603 SUCCESSFULLY

REC601 – Phase I Stage HPV Bivalent (Type 16/18) Vaccine

We are developing a bivalent HPV vaccine candidate, namely REC601, targeting HPV types 16 and 18, which are the main cause for over 70% of cervical cancer cases. Currently, we are conducting data evaluation and analysis on the phase I trial in China. REC601 adopts a similar MoA with the recombinant HPV 9-valent vaccine.

Clinical Trial Design

We commenced the phase I clinical trial for REC601 in October 2020. The phase I clinical trial aims to evaluate the safety and immunogenicity of our REC601. The clinical trial plans to enroll 80 volunteers, with 40 volunteers aged between 20 to 45 and 40 volunteers aged 9 to 19. As of the Latest Practicable Date, we had obtain the preliminary data for the phase I trial and conducting data evaluation and analysis on the aforementioned trial.

Next Steps

We are currently conducting data evaluation and analysis of phase I trial for REC601. The bivalent HPV vaccine candidate adopts a similar MoA with REC603, which is under phase III clinical trial. As such, we plan to revisit the regulatory pathway of REC601 based on our interim clinical data from REC603. We expect to initiate next phase clinical trial in 2022 and submit the BLA application to the NMPA for REC601 in 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR REC601 VACCINE SUCCESSFULLY

REC602 – Phase I Stage HPV Bivalent (Type 6/11) Vaccine

We are also developing REC602, a bivalent HPV vaccine candidate targeting HPV 6/11, which is currently under phase I clinical trial in China. We currently expect to complete the phase I trial in 2022 and submit the BLA application to the NMPA by 2025. REC602 adopts a similar MoA with the recombinant HPV 9-valent vaccine.

Clinical trial design

We commenced the phase I clinical trial for REC602 in May 2021. The phase I clinical trial aims to evaluate the safety and preliminary immunogenicity profile of REC602. The clinical trial designed to enroll 60 volunteers aged between 18 to 45. As of the Latest Practicable Date, we had completed subject enrollment.

Next Steps

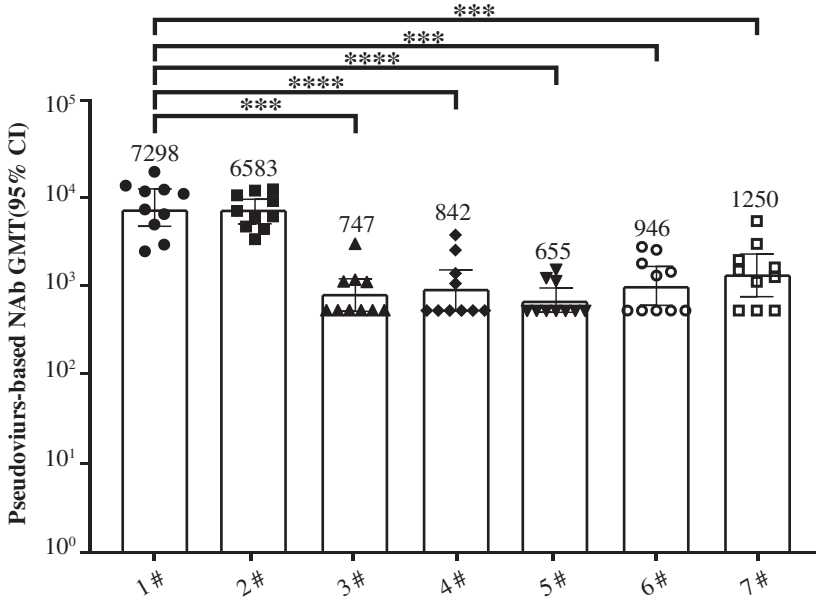
We currently plans to complete the phase I clinical trial for REC602 in 2022. The bivalent HPV vaccine candidate adopts a similar MoA with REC603, which is under phase III clinical trial. As such, we plan to revisit the regulatory pathway of REC602 based on our interim clinical data from REC603. We expect to initiate next phase clinical trial in 2022 for this candidate and submit BLA application for REC602 by the end of 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR REC602 SUCCESSFULLY

REC604a and REC604b – Early-Stage HPV Vaccines Formulated with Novel Adjuvant

Supported by our strong technology platforms, we are exploring opportunities to develop HPV vaccines formulated with novel adjuvant, namely REC604a and REC604b. Unlike the traditional alum adjuvant we are currently using, we are conducting early-stage development of next-generation HPV 9-valent and quadrivalent vaccines formulated with a novel self-developed adjuvant, benchmarking AS04. Based on existing studies, compared to Merck's Gardasil, GSK's AS04-adjuvanted Cervarix has demonstrated strong cross-protection effectiveness with higher titers of neutralizing antibodies in clinical trials, suggesting that novel adjuvants can enhance the immunogenicity of HPV vaccines. With the enhanced efficacy and immunogenicity profile our REC604a and REC604b, they are designed to adopt a two-shot regimen.

In the development of REC604a, we conducted animal studies in BALB/c mice to evaluate the efficacy and immunogenicity profile of the vaccine with different types of self-developed novel adjuvants. Each mouse received two doses of REC604a and we will evaluate the GMT of neutralizing antibodies based on pseudoviruses of HPV types. Through this approach, we have been able to identify the optimizing adjuvant that can be used in HPV vaccines. The following table illustrates the GMT of neutralizing antibodies based on pseudoviruse study with different novel adjuvants.



Supported by this study, we identified adjuvant 1# as the adjuvant to be used for REC604a, and REC604b. In an animal study conducted in mice, REC604a with a two-shot dosing has demonstrated its non-inferiority in terms of GMT level as compared to Gardasil with a three-shot dosing. We are currently developing REC604a and REC604b. We plan to submit the IND application to the NMPA for REC604a in 2022 and REC604b in 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR REC604A AND REC604B SUCCESSFULLY

COVID-19 VACCINES

ReCOV – Phase II/III Stage COVID-19 Vaccine Candidate

Since late 2019, the COVID-19 pandemic had caused a devastating social and economic impact in China and worldwide. COVID-19 has claimed more than 6 million lives reported by WHO Dashboard and is still circulating globally. Safe and effective vaccines are critical to controlling the COVID-19 pandemic. Based on the speech made by Dr. Zhong Nanshan (鍾南山) at the 20th Science Council of Asia Conference in May 2021, we believe that at least 89.2% of the global population will need to be vaccinated with a vaccine of 70% efficacy to reach herd immunity, indicating a considerable demand of COVID-19 vaccines. As of the Latest Practicable Date, 32 vaccines had been approved and there were over 100 vaccines adopting different kinds of mechanisms under clinical development.

We obtained the preliminary data for the phase I New Zealand trial data for ReCOV and we are currently conducting data analysis for our ReCOV targeting SARS-CoV-2. We obtained the technology and know-hows in relation to our ReCOV pursuant to a collaboration agreement entered into between Jiangsu CDC, Taizhou Medical New & High-tech Industrial Development Zone and us. For details, see "—Collaboration and Licensing with Third Parties—COVID-19 Vaccine Candidate—ReCOV." Based on the major safety and immunogenicity data and the partially unblinded efficacy data from the phase I trial, we subsequently obtained the clinical trial approval from the Philippines FDA to conduct the global phase II/III trial for ReCOV in January 2022. In January 2022, we also obtained the unblinded clinical data for the remaining three cohorts and we were currently finalizing data analysis and clinical trial report as of the Latest Practicable Date. As of the same date, we had initiated subject enrollment for such trial in Philippines. We currently expect to submit the EUA/BLA for our ReCOV in 2022.

Market Opportunities and Competitive Landscape

As of the Latest Practicable Date, there were 32 COVID-19 vaccines on the market, including 11 recombinant protein vaccines. There are in total 179 COVID-19 vaccine candidates under clinical development, including 61 recombinant protein vaccines. Among all of the recombinant protein COVID-19 vaccines under commercialization or clinical trial, ReCOV is the only one that targets a precision combination of NTD and RBD as an immunogen based on publicly available information. The following table summarizes the recombinant protein vaccines that haven't received approval for use and are still under clinical development globally as of the Latest Practicable Date.

Manufacturer	Vaccine Name	Antigen	Clinical Phase
Our Company	**ReCOV**	**NTD-RBD (Trimer)**	**Phase III**
Nanogen	Nanocovax	S-protein	Phase III
Livzon Mabpharm Inc	V-01	RBD	Phase III
Sanofi/GSK	Recombinant Protein	S-protein (Trimer)	Phase III
Sanofi/GSK	SP/GSK subunit B.1.351 vaccine	S protein	Phase III
Sanofi/GSK	SP/GSK subunit D614 vaccine	S protein	Phase III
Shionogi	S-268019	Undisclosed	Phase III
COVAXX	UB-612	RBD + Epitope from other structure protein	Phase III
Clover	SCB-2019	S-protein (Trimer)	Phase III
SK Bioscience Co Ltd	GBP510	RBD	Phase III
West China Hospital	Recombinant COVID-19 vaccine (Sf9 cell)	RBD	Phase III
University Medical Center Groningen	AKS-452	RBD	Phase III
PLA ZHONGYIANKE Biotech Co, Ltd.	Recombinant COVID-19 Vaccine (CHO Cells)	Undisclosed	Phase III
Bagheiat-allah University of Medical Sciences	Noora vaccine	RBD	Phase III
Adimmune Corporation	AdimrSC-2f	S-protein	Phase II
PT Bio Farma	SARS-CoV-2 Protein Subunit Recombinant Vaccine	Undisclosed	Phase II

Manufacturer	Vaccine Name	Antigen	Clinical Phase
Kentucky Bioprocessing	KBP-201	RBD	Phase II
Laboratorios Hipra SA	COVID-19 vaccine HIPRA	RBD	Phase II
Medigen	MVC-COV1901(Beta)	S-protein	Phase II
Novavax	SII B.1.351	Undisclosed	Phase II
Novavax	SII B.1.617.2	Undisclosed	Phase II
Novavax	SII Bivalent	Undisclosed	Phase II
Research Institute for Biological Safety Problems	QazCoVac-P	Undisclosed	Phase II
Icosavax	IVX-411	RBD	Phase II
Shanghai Zerun Biotechnology, Walvax Biotechnology	202-CoV	S-protein	Phase II
Sinocelltech	SCTV01C	S-protein	Phase II
Sinocelltech	SCTV01E	S-Trimer	Phase II
St. Petersburg Research Institute of Vaccines and Sera	Recombinant subunit vaccine	S-protein and other epitopes	Phase II
Tuebingen	CoVac-1	Undisclosed	Phase II
University Medical Center Groningen	AKS-452X	SP/RBD	Phase II
University of Saskatchewan	COVAC-2	S-protein	Phase II
Instituto Finlay de Vacunas Cuba	Soberana 01	RBD	Phase II
Novavax	ICC Vaccine	RBD	Phase II
EuBiologics Co Ltd	EuCorVac-19	RBD	Phase II
Center for Genetic Engineering and Biotechnology (CIGB)	CIGB-669	RBD	Phase II
Clover	SCB-2020S	S-protein	Phase II
Biological E Limited	BECOV2D	RBD	Phase II
Biological E Limited	BECOV2C	RBD	Phase II
Biological E Limited	BECOV2B	RBD	Phase II
Yisheng Biopharma	PIKA COVID-19 Vaccine	S-protein	Phase I
Emergex Vaccines Holding Ltd	PepGNP-SARSCoV2	Undisclosed	Phase I

Manufacturer	Vaccine Name	Antigen	Clinical Phase
PT Bio Farma	SARS-CoV-2 Protein Subunit Recombinant Vaccine Adjuvanted With Alum+CpG 1018	RBD	Phase I
HK inno.N Corporation	IN-B009	RBD	Phase I
SK Bioscience Co Ltd	NBP2001	RBD	Phase I
OSE Immunotherapeutics	CoVepiT	Multi-epitope (no further disclosure)	Phase I
University of Saskatchewan	COVAC-1	RBD	Phase I
US Army Medical Research and Development Command	SpFN COVID-19 Vaccine	S-protein (Trimer)	Phase I
VaxForm	CoV2-OGEN1	Undisclosed	Phase I
Baiya Phytopharm Co Ltd	Baiya SARS-CoV-2 Vax 2	Undisclosed	Phase I
Baiya Phytopharm Co Ltd	Baiya SARS-CoV-2 Vax 1 Vaccine	Undisclosed	Phase I

Source: ClinicalTrials.gov, Literature research, company website, Frost & Sullivan analysis

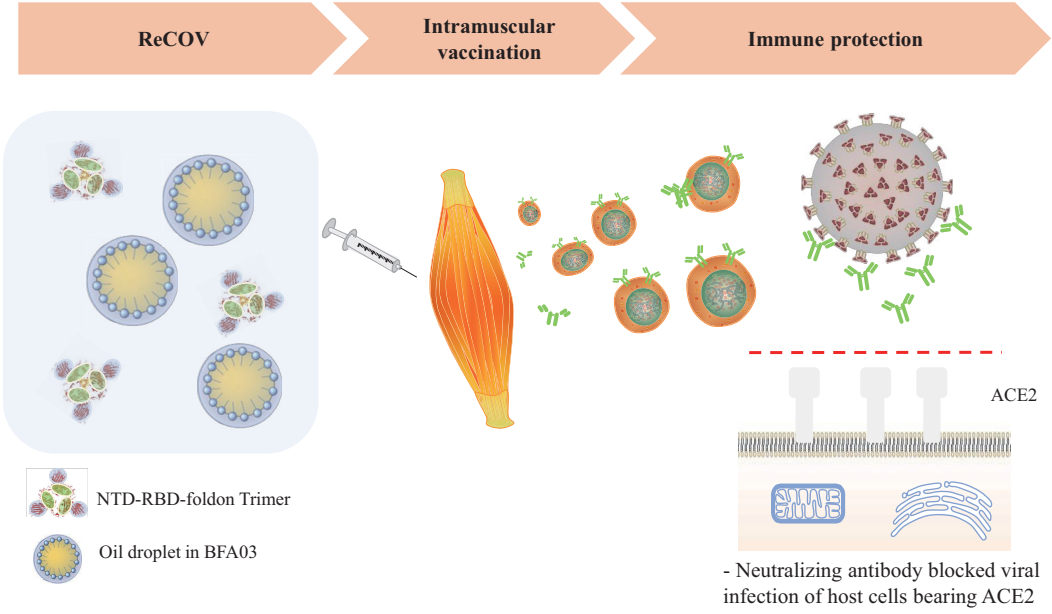
Mechanism of Action

Our ReCOV is a recombinant two-component COVID-19 vaccine, which is composed of two immunodominant components, namely an N-terminal domain ("**NTD**") and a receptor binding domain ("**RBD**"). It adopts an NTD-RBD-foldon protein structure, targeting both NTD and RBD, which are the main immunodominant regions on the spike (S) protein that mediate the entry of SARS-CoV-2 into cells expressing the angiotensin-converting enzyme 2. The NTD of the S protein will also bind and neutralize human antibodies. The combination of both RBD and NTD domains has shown positive effect in the production of neutralizing antibodies in pre-clinical studies. Foldon, the trimerization tag was designed to mimic the natural structure of S protein to enhance humoral immune response.

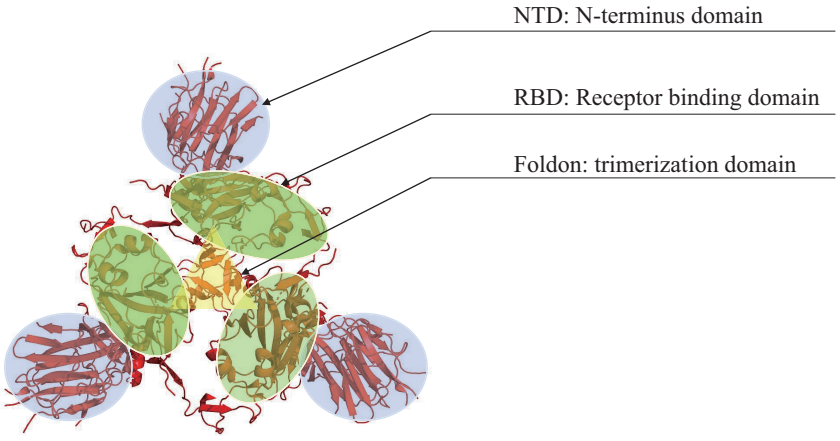
Our ReCOV applies squalene-based novel adjuvant BFA03 as adjuvant, benchmarking AS03. BFA03 triggers a transient production of cytokines at the injection site and in the draining lymph nodes, so its promotion of monocytes as the principal antigen-presenting cells, and its effects on granulocytes and cytokines, may all contribute to enhancing the antigen-specific adaptive immune response. Published clinical data has shown that squalene-based

oil-in-water adjuvant ranks one of the most positive adjuvant in eliciting vaccine antigen specific antibody and B cells, and also in immune persistence. Under the current regulation regime, BFA03 does not need to be separately registered with the FDA or the NMPA. As a self-developed novel adjuvant, we believe BFA03 also has the potential to be applied in other vaccine candidates we are developing and we will not sell BFA03 to other Independent Third Parties.

The following image illustrates the MoA of ReCOV.



The following image illustrates the structure of ReCOV's NTD-RBD-foldon trimmeric antigen.



Our Advantages

We believe our ReCOV has the following advantages.

- *Novel mechanism of action*. ReCOV uses an optimized antigen, which is an NTD-RBD-foldon trimer, highly expressed by CHO cells, and can form a structure highly similar to that of the natural S protein. Compared with full-length S protein antigens, the NTD-RBD-foldon trimer antigen is enriched with key epitopes, translating to potentially stronger immunogenicity, and higher protein yield. Compared with RBD subunit vaccines, the NTD-RBD-foldon trimer antigen contains more conserved epitopes and has better cross-protection against emerging variants.

- *Positive safety profile*. ReCOV uses a high purity antigen protein and a clinically proven adjuvant, which we believe has contributed to a positive safety profile. In preclinical studies, the safety profile of ReCOV has been demonstrated in rodents, rabbits and monkeys, where fewer side effects were observed compared to vaccines constructed by other technical approaches, including mRNA vaccines and recombinant adenovirus vector vaccines.

- *Strong scalability and cost-effective manufacturing*. The manufacturing processes for ReCOV using CHO cells are well-refined to ensure highly scalable and high-quality production. We are using a self-developed novel adjuvant in ReCOV, enabling it to achieve scalability without reliance on any adjuvant supplier. Our GMP-standard manufacturing facility can initially support a 100 million annual vaccine doses production capacity per year and capable of expanding to 300 million doses per year in the future. We also intend to collaborate with leading CMOs in China and overseas to significantly increase our manufacturing capacity.

- *Highly stable*. Our ReCOV is stable for at least three months at room temperature and is expected to be stable for at least 24 months in the standard cold chain, based on our ongoing stability studies. The strong stability profile makes our ReCOV suitable for large population inoculation in developing countries and regions in hot climates with limited cold-chain logistics and infrastructure.

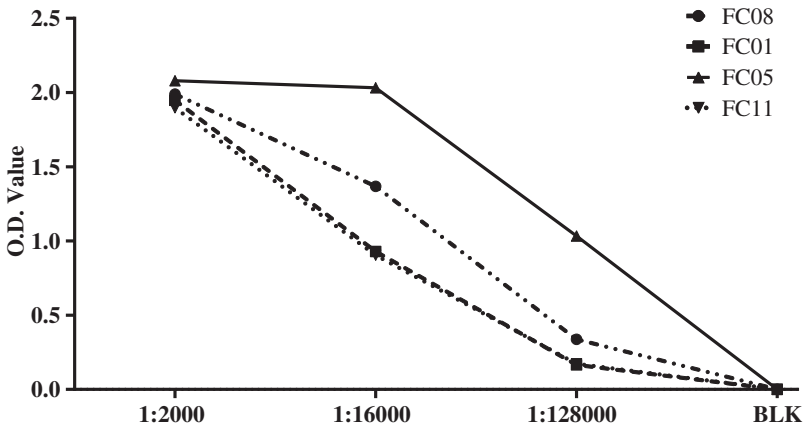
- *Cost advantages*. The high yield of unit fermentation volume and the scalability enable the cost advantages and worldwide accessibility of the ReCOV. As we are using a self-developed novel adjuvant for ReCOV, we are enabled to achieve scalability without reliance on any adjuvant supplier.

Preclinical Studies

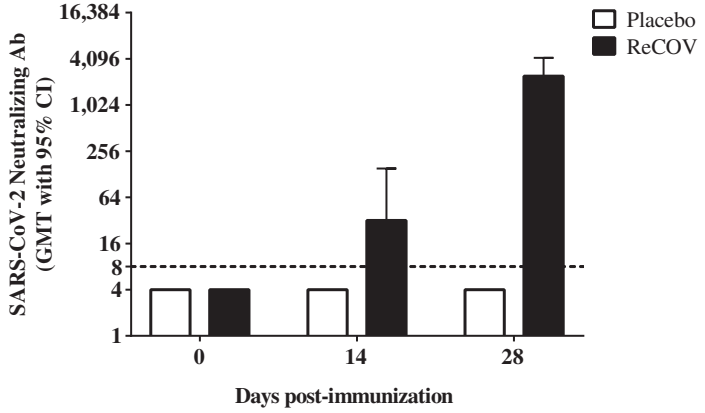
We conduct the following preclinical studies for our ReCOV.

Pharmacology studies.

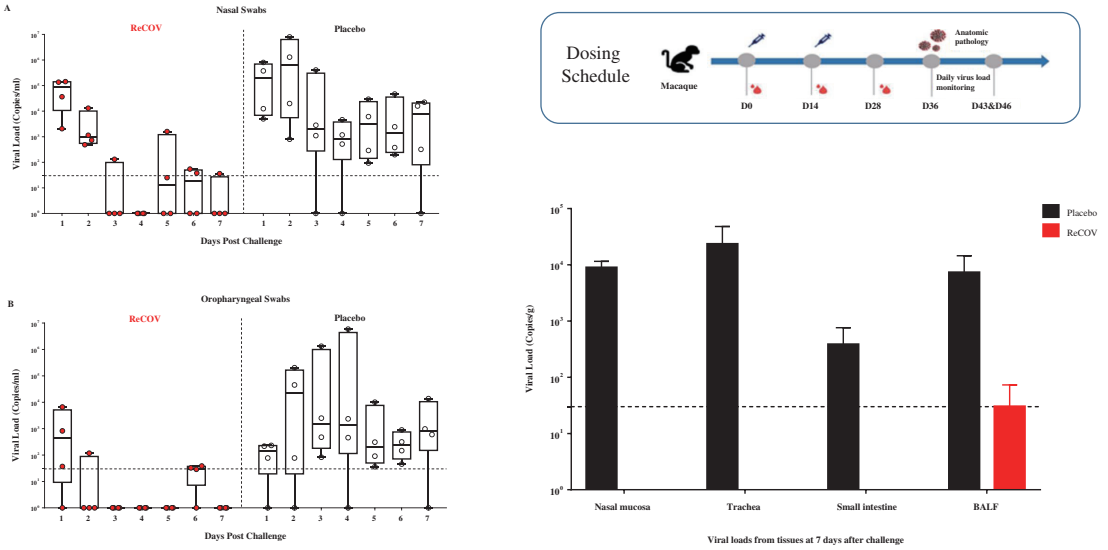
We conducted characterization & pharmacology studies both *in vitro* and *in vivo*. During the *in vitro* studies, the binding effect of four monoclonal SARS-CoV-2 (FC01, FC05, FC08 and FC11) neutralizing antibodies and two antigens of the vaccine were tested, confirming that the folding of NTD-RBD-foldon protein is closer to the natural conformation of the virus. The following graph illustrates the binding effect of the NTD-RBD-foldon protein on the four neutralizing antibodies through an indirect ELISA method.



During in vivo pharmacology studies, we conducted animal studies on BALB/c mice, New Zealand white rabbit and rhesus monkeys. In general, the vaccine can induce high titers of neutralizing and binding antibodies targeting SARS-CoV-2. In conclusion, the candidate vaccine showed a good protective effect against SARS-CoV-2 virus in the challenge model of rhesus monkey after two doses of immunization. The following graph illustrates the level of immune response in rhesus monkeys.



In our SARS-CoV-2 challenge study conducted in rhesus monkeys, the vaccine group was well protected after intranasal inoculation of clinical SARS-CoV-2 isolate by efficient clearance of viral infection and shedding, which is illustrated in the image below.



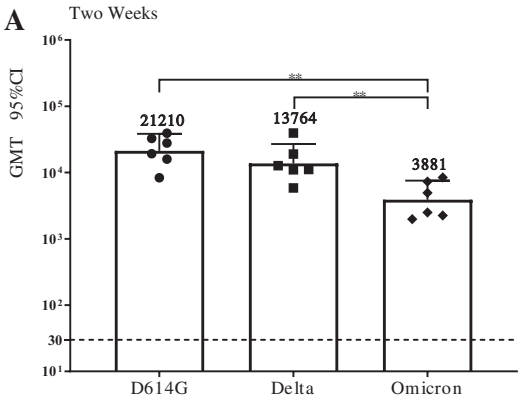
Toxicology studies.

Satisfactory safety and tolerance have been demonstrated in preclinical toxicology studies. We engaged a reputable third party to conduct the toxicology study, including a single-dose toxicology study on rats, repeat-dose toxicology studies on rhesus monkeys and rats as well as a stimulation test on rabbits. During the single-dose study, it demonstrated that local muscle swelling and palpated scleroma were observed, which can be recovered completely. There were no significant pathological changes observed and no obvious abnormalities in body weight changes observed. No obvious abnormality in local muscle was observed during the study.

Animal studies in relation to the new variants of SARS CoV-2.

More recently, certain new variants of SARS CoV-2 have emerged and are circulating globally. Two major variants of concern are the Delta variant and the Omicron variant, which have been spread in over 200 and over 160 countries, respectively. Given the error-prone nature of RNA virus replication, variants will inevitably emerge as the virus is transmitted. New information about the characteristics of these variants is rapidly emerging and concerns regarding the effectiveness of currently authorized vaccines against them have been raised. In response to that, we have conducted several pre-clinical studies to evaluate the efficacy and immunogenicity performance of ReCOV against these variants of concerns.

We conducted animals studies in New Zealand rabbits. Each rabbit completed two 40μg-dose at 0/21 day and we evaluate the neutralizing antibody tiers at two weeks and 20 weeks following the second dose against the pseudoviruses of the ancestral strain, Delta variant and Omicron variant. At two weeks following the second dose, the GMT of neutralizing antibodies maintained at a relatively high level, being 21,210 against the ancestral strain, 13,764 against Delta variant and 3,881 against Omicron variant. The serologic conversion rates for Omicron variant was 100% at 20 weeks following the second dose. In addition, ReCOV also showed promising immune persistence in BALB/c mice during 48 weeks following the second dose against the pseudoviruses of the ancestral strain, Delta variant and Omicron variant. The following table summarizes the neutralizing antibody titers at two weeks following the second dose of ReCOV in rabbits.



Phase I Clinical Trial in New Zealand

In April 2021, we obtained the IND approval from New Zealand Medicines and Medical Devices Safety Authority in New Zealand. Subsequently, we commenced a phase I clinical trial in June 2021. The phase I clinical trial of ReCOV is a randomized, double-blind, placebo-controlled, dose-exploring study that evaluates the safety, reactogenicity, and immunogenicity of ReCOV at two dose levels and two different age cohorts.

Trial Design

The phase I clinical trial is a randomized, double-blind, placebo-controlled, dose-exploring study that evaluates the safety, reactogenicity, and immunogenicity of ReCOV in healthy adult subjects with two trial arms. We initially intended to enroll 100 subjects, which was adjusted to 99 subjects as suggested and agreed with the PI and CRO due to the recruitment challenges for older adults 56 to 80 as most of them have received at least one dose of an approved COVID-19 vaccine. The 99 subjects are further divided into four cohorts based on two dose levels (20 μg and 40 μg) and two different age cohorts (younger adults aged 18 to 55 and older adults aged 56 to 80). For each cohort, five subjects enrolled will be randomized to receive placebo of normal saline. Each subject shall receive two doses of ReCOV with 21 days apart.

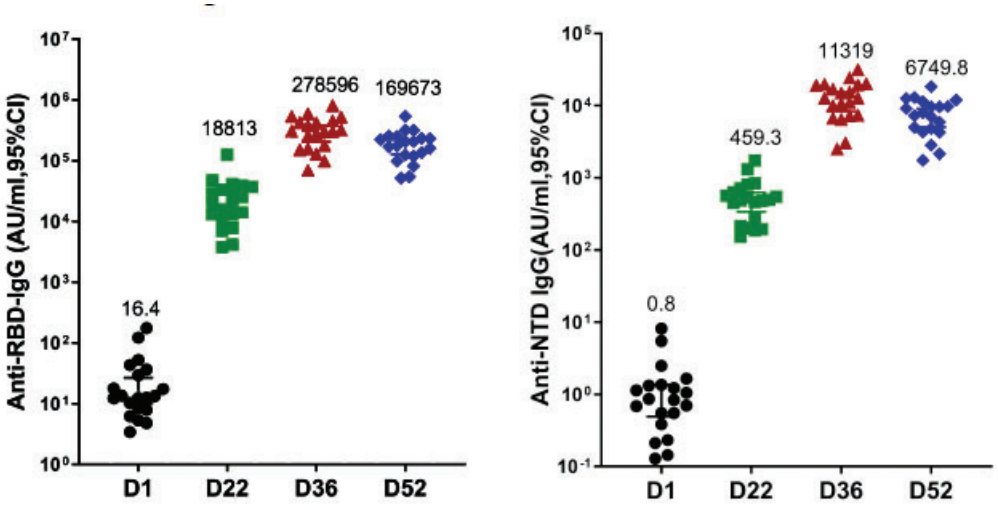
Subject in low-dose (20 μg) and younger adults (aged 18 to 55) ("**Cohort 1**") is enrolled and dosed first. Following seven days after the first dose is completed in Cohort 1, the safety monitoring committee ("**SMC**") will conduct a preliminary safety review and we will subsequently start the enrollment and dosing for the high-dose (40 μg) and younger adults (aged 18 to 55) cohort ("**Cohort 2**") and low-dose (20 μg) and elder adults cohort (aged 56 to 80) ("**Cohort 3**"). Following seven days after the first dose is completed in Cohort 3, the SMC will conduct another round of safety review based on the clinical data we collect at that point and we will subsequently enroll and dose the high-dose (40 μg) and elder adults cohort (aged 56 to 80). ("**Cohort 4**").

Safety Data

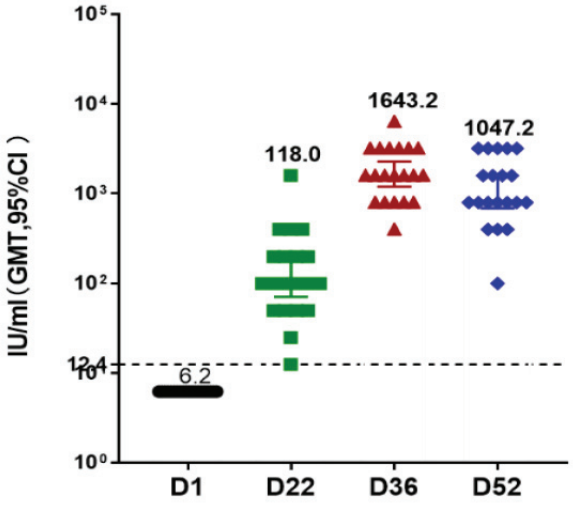
ReCOV demonstrated a good safety profile for both low and high doses in participants aged 18 to 80 years old. No serious adverse event treatment emergent adverse event ("**TEAE**") leading to an early discontinuation was reported and no clinically significant vital signs or clinical laboratory abnormalities were identified. Majority TEAE reported were mild in severity. Only four younger adults and three older adults experienced eight moderate TEAE and no severe or life-threatening TEAE was reported. No severe TEAE (Grade 3 or above) was observed during the trial. The common TEAEs were similar to those reported by many approved vaccines, including injection site reactions, fatigue, headache, myalgia and fever.

Partial Unblinded Immunogenicity Data

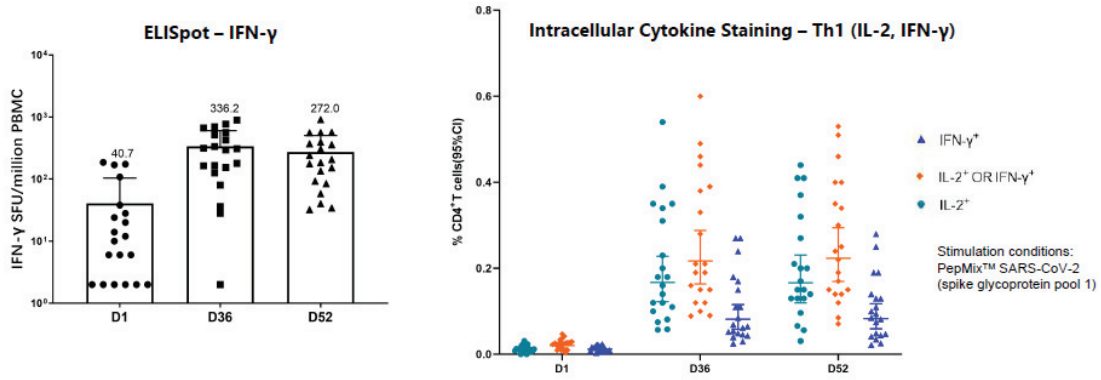
In October 2021, as confirmed with the PI of this trial, we obtained the unblinded immunogenicity data for Cohort I for ReCOV. In the clinical data from Cohort I, we observed ReCOV can elicit strong neutralizing antibodies and antigen specific antibodies. Following the first dose of ReCOV, the seroconversion rate for Cohort 1 was nearly 100% and the geometric mean titer ("**GMT**") level reached peak at 14 days after the second dose. The Cohort I trial used a variety of assays and showed that after two doses of ReCOV, high levels of neutralizing antibodies were generated against ancetral strain of the virus. The following chart illustrates GMT of anti-RBD-IgG and Anti-NTD IgG.



Clinical data from Cohort 1 shows that 20 μg ReCOV may potentially induce similar or higher level of neutralizing antibodies than other marketed mRNA COVID-19 vaccines and vaccine candidates, predicting a potential positive efficacy of ReCOV in preventing SARS-CoV-2 induced diseases. According to a recent pre-print study, the GMT of SARS-CoV-2 neutralizing antibodies were 1404.16 IU/mL and 928.75 IU/mL 14 days after two doses for Moderna and BioNTech/Pfizer mRNA vaccines, respectively, under the WHO International Standard for anti-SARS-CoV Immunoglobulin (human) (NIBSC 20/136). Based on the partial unblinded data of Cohort I of the phase I trial of ReCOV, the GMT of SARS-CoV-2 neutralizing antibodies amounts to 1,643.2 IU/mL after two doses of ReCOV. The above information was derived from multiple clinical trials conducted for different vaccines, without the support of controlled, head-to-head clinical studies. According to Frost & Sullivan, a number of factors could affect the relevant clinical results and could render cross-trial comparison results less meaningful, including but not limited to the different subject enrollment standards adopted in different trials, different population characteristics of subjects, physicians' inoculation skills and experiences and the lifestyle of the subjects. As such, you are cautioned not to place undue reliance on the above cross-trial comparison results. The following chart illustrates the GMT of SARS-CoV-2 neutralizing antibodies of Cohort I in the phase I clinical trial of ReCOV.



In Cohort 1, it shows 20 μg ReCOV could induce antigen-specific $CD4^+$ T cell responses, reflecting in Interferon-gamma ("**IFN-γ**") and Interleukin-2 ("**IL-2**") production. IFN-γ is a pleiotropic molecule with associated antiproliferative, pro-apoptotic and antitumor mechanisms. IL-2 is an interleukin, a type of cytokine signaling molecule in the immune system. It shows an obvious trend toward Th1 phenotype immune response was observed with a peak level of Th1 cytokines detected 14 days after the second dose.



Cellular Immunogenicity Data in Younger Adults Vaccinated by 20μg ReCOV

The clinical data from Cohort I may not be representative for the phase I clinical trial of ReCOV and do not indicate that phase I clinical trial of ReCOV, or future clinical trials of ReCOV will eventually succeed. For details, see "Risk Factors—Risks Relating to Development, Clinical Trials and Regulatory Approval of Our Vaccine Candidates—Vaccine development involves a lengthy and expensive process with uncertain outcomes and results of earlier clinical trials may not be predictive of results of later-stage clinical trials." In January 2022, we also obtained the unblinded clinical data for the remaining three cohorts and we were currently finalizing data analysis and clinical trial report as of the Latest Practicable Date.

Next Steps

We have obtained the major safety and immunogenicity data and the partially unblinded efficacy data from the phase I New Zealand trial for ReCOV as of the Latest Practicable Date and we are currently conducting data analysis for such trial. In the meantime, we are currently initiating a global phase II/III trial, which is designed to be a multi-center trial to study our ReCOV in diverse populations and rapidly advance enrollment by accessing areas with larger patient populations. As part of this trial, we have obtained the clinical trial approval from the Philippines FDA for ReCOV in January 2022 based on the safety data and the partial unblinded immunogenicity data from the phase I trial. To date, we have initiated subject enrollment for the phase II/III trial in the Philippines. We plan to file the EUA/BLA in 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ReCOV SUCCESSFULLY

R520A – Preclinical Stage mRNA COVID-19 Vaccine

In August 2021, together with our business partners including Shenzhen Rhegen, we established a joint venture, namely Wuhan Recogen for the R&D and commercialization of mRNA vaccines. As the first step of this collaboration, we are developing R520A, a preclinical stage mRNA COVID-19 vaccine candidate, which specifically targets Omicron variant. We are currently conducting preclinical R&D activities for R520A and we plan to submit the IND application to the NMPA or other competent authorities overseas in the first half of 2022.

We believe R520A has the following advantages as compared to its competitors.

- ***Lyophilized mRNA-lipid nanoparticles ("mRNA-LNPs") technology enabling easy storage and transportation***. Currently, most existing mRNA vaccines requires ultra-cold storage and transportation condition as mRNA is constantly under threat of being destroyed by other molecules in the environment. One of the approach to tackle this issue is lyophilization where water is removed by sublimation under vacuum at a low temperature, enabling the lyophilized mRNA to be stored at 4 °C or at room temperature for long time. R520A adopts a self-developed lyophilization technology. Through this approach, we can effectively sustain the physiochemical properties and bioactivity of mRNA-LNP and achieve long-term storage at 2 °C - 8 °C. During preclinical studies, R520A did not exhibit any change and sustained the size and encapsulation efficiency at 25 °C after 18 days, indicating the high stability of this product. In February 2022, we published a pre-print paper headed *Lyophilized mRNA-lipid nanoparticles vaccine with long-term stability and high antigenicity against SARS-CoV-2* on bioRxiv.org to introduce its lyophilized mRNA LNP technology. The following images illustrate the lyophilized mRNA-LNP and the reconstituted solutions.

Lyophilized

Reconstituted

- ***Promising immunogenicity profile.*** In order to assess the transfection efficiency of lyophilized LNPs, we conducted animal studies in BALB/c mice. Generally, the level of IgG antibody titers were non-inferior between mice receiving pre-lyophilization R520A and post-lyophilization R520A, indicating that the lyophilization process did not affect the product's bioactivity profile. Further, in another animals studies in BALB/c mice, the level of neutralizing antibody titers against Omicron variant increased to a high level of 4,758 and it can also induce neutralization response against Delta variant, indicating its promising immunogenicity profile.

SHINGLES VACCINE

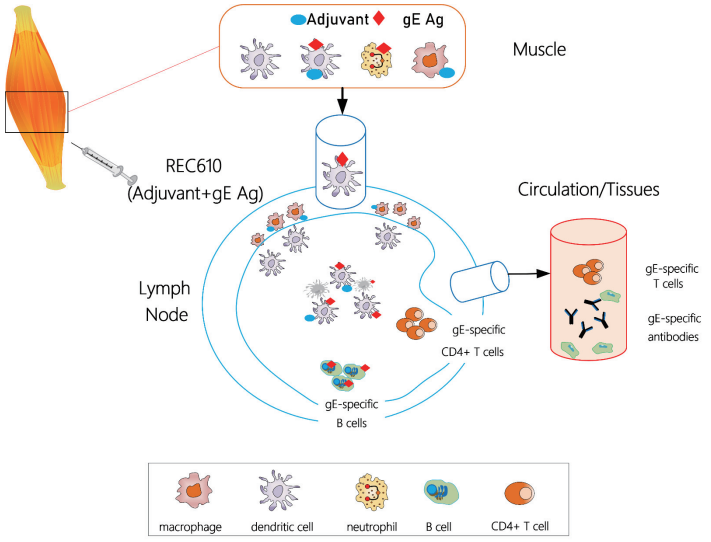
Shingles, also known as HZ, is caused by reactivation of latent infection of VZV. Active shingles lesions are infectious through direct contact with vesicular fluid and people with active shingles lesions can spread VZV infection and cause varicella in people who have never had varicella or received varicella vaccine and expose them to the risk of shingles. The most common complication for HZ is the persistence of neuropathic pain. Vaccination has been considered to be the best way to prevent this disease and its complications. As of the Latest Practicable Date, there were two types of shingles vaccines, namely Zostavax® and Shingrix®. As of the same date, Shingrix® was the only one NMPA approved shingles vaccine product in China. According to Frost & Sullivan, there are around 2.5 million people per year in China that are afflicted by HZ.

REC610 – IND-Enabling Recombinant Shingles Vaccine Candidate

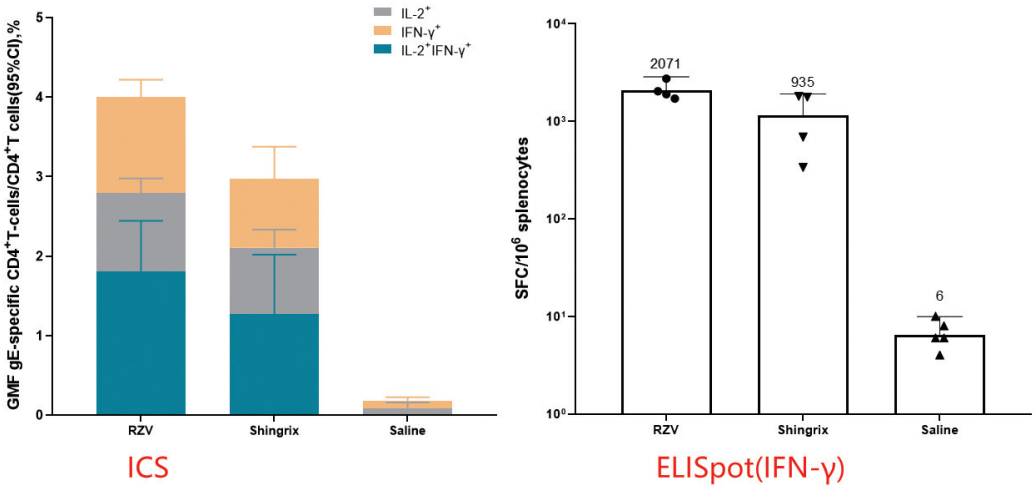
We are evaluating opportunities to use in-house developed novel adjuvants in REC610 a recombinant shingles vaccine. It adopts a similar recombinant protein technology as Shingrix®, and has shown to have non-inferior immunogenicity compared to Shingrix® in animal studies. Like GSK, we have addressed previous technological pain points to develop a complex adjuvant system to augment immunogenicity. Moreover, we plan to apply our manufacturing know-how for the COVID-19 vaccine to REC610, which will enable synergistic manufacturing at the commercial stage.

Mechanism of Action

By mid-1980's, scientists proved that VZV causes two diseases, varicella (chickenpox) and HZ (shingles). Primary VZV infection, usually occurs in childhood, causes varicella and results in latent infection of ganglionic neurons. REC610 comprises VZV glycoprotein E (gE) and liposome-based adjuvant system. The gE is found in large numbers on the surface of cells that are infected with zoster virus, and it is required for viral replication. A novel adjuvant is applied to stimulate and induce a higher gE-specific cell mediated immune response. The adjuvant induces a local and transient activation of the innate immune system by two immune potentiators: MPL, and QS-21. Co-localization of both MPL and QS-21 is required to induce the maximal frequencies of gE-specific cytokine-producing $CD4^+$ T cells and the highest titers of gE-specific antibodies. The following image illustrates the MoA of REC610.



We conducted preclinical animals studies in C57BLL/6N mice to evaluate the immunogenicity profile of REC610. During the studies, REC610 has shown a higher level of IFN-γ cytokine under ELISPOT test and higher levels of IFN-γ and IL-2IFN-γ as compared to Shingrix indicating its non-inferiority as compared to Shingrix in terms of immunogenicity.



Next Steps

We are currently conducting preclinical research and development with respect to REC610 and we plan to submit the IND application to the NMPA in 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR REC610 SUCCESSFULLY

TB VACCINE PIPELINE

TB is the second deadliest infectious disease next to COVID-19, and the ninth largest cause of death globally. In 2020, there were approximately 9.2 million TB patients worldwide, with approximately 1.2 million HIV-negative deaths and approximately 208,000 HIV-positive deaths from tuberculosis. TB treatments are increasingly facing multi-drug resistance problems and the only TB vaccine for adults was only recently approved in China in June 2021. In light of the public health crisis, the WHO and member states have pledged to decrease TB incidence and death rate by 90% and 95%, respectively, by 2035, indicating significant market demand for tuberculosis vaccines.

Currently, there is one adult TB vaccine had been approved in China with limited use for latent infection in June 2021. There is also another adult TB vaccine candidate conducting clinical trials in China.

REC607 – Early-stage Virus Vectored Adult TB Vaccine Candidate

We have entered into a technology transfer agreement with Shanghai Public Health Clinical Center, among others, pursuant to which we obtained the know-how and patents with the exclusive global development rights of REC607, a virus vectored adult TB vaccine candidate. This program was recognized as a Major National Science and Technology Project (國家科技重大專項課題) in 2018. For details, see "—Collaboration and Licensing with Third Parties." We are currently conducting preclinical R&D for our adult vector vaccine and we plan to submit the IND application in 2023 and the BLA application to the NMPA in 2026.

Mechanism of Action

REC607 is based on non-replicating Sendai virus vector inserted with an encoded *M. tuberculosis* immunodominant antigen. Sendai virus vector has been applied in HIV/AIDS vaccine development and clinical data shown satisfactory safety profile and effectiveness in eliciting antigen specific T cell immune responses.

Sendai virus is attractive as an alternative vector. It is a negative sense, single-stranded, and non-integrating RNA virus of the family paramyxoviridae and is also known as murine parainfluenza virus type 1. It has low pathogenicity, powerful capacity for foreign gene expression, and wide host range. It elicits high levels of antigen-specific $CD4^+$ and $CD8^+$ T cell responses. Furthermore, being a virus with mucosa tropism, the virus provides a basis for vaccines that elicit potent antigen-specific mucosal immune responses.

REC606 – Early-stage Recombinant Adult TB Vaccine Candidate

We are also conducting early-stage study with respect to a recombinant adult TB vaccine, namely REC606. Our self-developed REC606 utilized both of the protein engineering platform and new adjuvant technology platform, which has the potential to result in better safety profile and immune response.

To date, we have implemented systematic immunogen design and expression, as well as purification and we are conducting the animal challenge studies. We expect to conclude the preferred vaccine antigen upon the test result. We plan to submit the IND application in 2023 and BLA application to the NMPA in 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET REC606 AND REC607 SUCCESSFULLY

OTHER DISEASE AREAS

REC617 – Early-stage Recombinant Influenza Quadrivalent Vaccine Candidate

Influenza is a contagious respiratory illness caused by influenza viruses that infect the nose, throat, and sometimes the lungs. It can cause mild to severe illness, and at times can lead to death. The best way to prevent flu is by getting an annual flu vaccine. For elderly over 65 years old, children under five years old and people with certain chronic medical conditions, there was a relatively high risk of developing severe complications if they infected influenza. Currently, all the approved quadrivalent influenza vaccines in China are split vaccines. In 2016, the first recombinant influenza quadrivalent vaccine, Sanofi's Flublok was approved by the FDA, which has been considered as the optimal vaccine for influenza. In particular, in a head-to-head study of Sanofi's Flublok (recombinant adjuvanted QIV) and GSK's Fluarix (split QIV), a optimal quadrivalent split vaccine, patients inoculated with Flublok had a 30% less likelihood of experiencing influenza-like illnesses compared to Fluarix.

We are developing REC617, an early-stage recombinant influenza quadrivalent vaccine and are developing novel adjuvants to enhance tolerability, immunogenicity, length of protection and cross-protection capability. We plan to submit the IND application for REC617 to the NMPA in the first half of 2023 and we currently expect we will submit the BLA application to the NMPA in 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET REC617 SUCCESSFULLY

REC605 – Early-Stage HFMD Quadrivalent Vaccine Candidate

HFMD is a mild, contagious viral infection normally in children under five years old. Common viruses which cause HFMD include Enterovirus 71 (EV71), Coxsackievirus A16 (CA16), Coxsackievirus A10 (CA10) and Coxsackievirus A6 (CA6). These viruses have caused over 90% of HFMD cases in China. Currently, EV71 inactivated vaccines are the only HFMD vaccines approved globally and in China. In 2020, HFMD has the fourth highest incidence rate among notifiable infectious diseases in China with more than 760,000 cases reported. We are leveraging our protein engineering technology to develop a multi-valent hand-foot-and-mouth vaccine, REC605, with increased serotype coverage of EV71, CA16, CA10 and CA6 and enhanced protection. We plan to submit the IND application to the NMPA for REC605 in 2023 and the BLA application in 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET REC605 SUCCESSFULLY

COLLABORATION AND LICENSING WITH THIRD PARTIES

Since our inception, we have entered into two collaboration agreements and a technology transfer agreement in relation to the R&D and commercialization of our vaccine candidates. Details of these agreements are as follows.

COVID-19 Vaccine Candidate – ReCOV

On May 15, 2020, we entered into a collaboration agreement, as supplemented on July 8, 2021 (which further clarifies that we own the exclusive rights under the agreement), with Jiangsu Provincial Center for Disease Control and Prevention ("**Jiangsu CDC**") and the Management Committee of Taizhou Medical New & High-tech Industrial Development Zone ("**Taizhou High-tech Committee**") (the "**Collaboration Agreement**"), pursuant to which parties are mutually agreed to jointly develop the recombinant COVID-19 vaccine candidate, ReCOV. Under the Collaboration Agreement, we will lead the pre-clinical, clinical studies, manufacturing and commercialization of ReCOV and are responsible for the capital contributions for the research and development of ReCOV. We will utilize our existing vaccine technology platforms for the study and development of such vaccine, as well as the research and development of the vaccine candidate throughout the whole development cycle. Jiangsu CDC is obliged to provide the laboratory data and results obtained from the preliminary research stage for ReCOV so far as technical contributions under the Collaboration Agreement. In addition, they are responsible for completing the immunological evaluation and preparing related application materials as required in the IND application in compliance with the standard and regulatory requirements issued by the NMPA and CDC. Taizhou High-tech Committee, as the local governmental committee, bears the responsibility to provide manufacturing sites and equipment for manufacturing and testing samples used in the research and development process of ReCOV. Taizhou High-tech Committee is also responsible for applying for government grants for the research and development of the recombinant COVID-19 (mutant strain) vaccine.

In consideration of the Collaboration Agreement, we need to sponsor the research and development program of ReCOV by paying Jiangsu CDC an upfront payment of RMB1.0 million, which was paid in full in November 2020, upon the execution of the Collaboration Agreement coupled with milestone instalments up to RMB44.0 million according to the research and development progress, including RMB2.0 million after we concluded that pre-clinical *in vivo* tests performed by Jiangsu CDC demonstrated satisfactory neutralizing antibody results; RMB10.0 million after obtaining the IND approval from the NMPA; and RMB32.0 million after we obtained the NDA or BLA and the manufacturing approval from the NMPA. After the successful commercialization of ReCOV, we are obligated to pay Jiangsu CDC a 1% sales commission in terms of the total sales revenue generated by us. After execution of the Collaboration Agreement, we paid RMB3.0 million and nil in accordance with the Collaboration Agreement in 2020 and the nine months ended September 30, 2021, respectively. Following the Track Record Period and up to the Latest Practicable Date, we did not record any payment in accordance with the Collaboration Agreement.

Pursuant to the Collaboration Agreement, all the existing intellectual properties shall be owned by Jiangsu CDC, for which we have obtained the sole and exclusive rights to all intellectual property rights under the Collaboration Agreement to develop and commercialize the recombinant COVID-19 vaccine. All the patents arising from the collaboration, shall be each owned by Jiangsu CDC and Taizhou High-tech Committee and us based on contribution and we enjoy the exclusive rights to utilize such patents. The Collaboration Agreement has a term of 20 years upon execution. If either party commits a breach of the Collaboration Agreement, the other party may request to rectify, or terminate the Collaboration Agreement and the breaching party shall be responsible for losses associated with such breach. In the worst case scenario that the Collaboration Agreement is terminated, non-breaching parties shall be entitled to exclusively own the intellectual properties, know-how and technologies arising that they obtain during execution of the Collaboration Agreement, including the respective R&D works completed upon termination.

As of the Latest Practicable Date, Jiangsu CDC and Taizhou High-tech Committee were all Independent Third Parties.

mRNA Vaccine – R520A

On August 28, 2021, we entered into a shareholder collaboration agreement (the"**Shareholder Collaboration Agreement**") with Shenzhen Rhegen Biotechnology Co., Ltd. (深圳市瑞吉生物科技有限公司) ("**Shenzhen Rhegen**") and Wuhan Aiweige Biotechnology Co., Ltd. (武漢艾維格生物科技有限公司) ("**Wuhan Aiweige**"), pursuant to which parties jointly agreed to jointly establish a joint venture in Wuhan namely Wuhan Recogen Biotechnology Co., Ltd. (武漢瑞科吉生物技術有限公司) ("**Wuhan Recogen**"), for the R&D and commercialization of mRNA vaccines, including but not limited to the application of mRNA technology in SARS-CoV-2, shingles and influenza. As of the Latest Practicable Date, we are focusing on developing an mRNA COVID-19 vaccine candidate, namely R520A, which specifically targets Omicron variant. We are currently conducting preclinical R&D activities for R520A. For details, see "Business—Our Vaccine Pipeline—COVID-19 Vaccine Pipeline—R520A – Preclinical Stage mRNA COVID-19 Vaccine." Furthermore, parties to the agreement should be responsible to register with relevant local authorities and try their best to apply for the available preferential policies for Wuhan Recogen. Shenzhen Rhegen and us are required to license relevant technologies or patents to Wuhan Recogen for the research and development of mRNA vaccine candidates. Generally, we are responsible for research and development of vaccine, immune evaluation and clinical trials, as well as the manufacturing and sales of mRNA vaccines. Shenzhen Rhegen is mainly responsible for mRNA technologies and quality control matters. Wuhan Aiweige is mainly responsible for assisting the project execution.

Under the agreement, Wuhan Recogen shall be owned as to 55% by us, 40% by Shenzhen Rhegen and 5% by Wuhan Aiweige. As of the Latest Practicable Date, Shenzhen Rhegen, Wuhan Aiweige and us have contributed an amount of RMB4.0 million, RMB0.5 million and RMB5.5 million, respectively. Pursuant to the Shareholder Collaboration Agreement, the board of Wuhan Recogen shall consist of five directors, three of which shall be appointed by us and two of which shall be appointed by Shenzhen Rhegen.

Under the agreement, all the patents arise from the research and development of mRNA vaccines by Shenzhen Rhegen and us shall be applied by Shenzhen Rhegen and us, and Wuhan Recogen shall be granted with a license to utilize such patents. The patents arise from the independent research and development activities of Wuhan Recogen shall be applied and registered solely by itself. If Wuhan Recogen experienced severe losses or its collaborator commits a breach of the article of association resulting in the inability to continue its operations, either party can terminate the Shareholder Collaboration Agreement. It can also be terminated upon parties mutual agreement.

Shenzhen Rhegen is a biotechnology company founded in 2019, specializing in the R&D of mRNA technology and related biologic products and treatment methods, whose ultimate beneficial owner is Mr. Hu Yong (胡勇). Mr. Hu Yong is a PRC individual with extensive experience in research and development in mRNA technologies. Wuhan Aiweige is a biotechnology company founded in 2021 focusing on R&D and testing, whose ultimate beneficial owner is Ms. Fu Wei (付薇), who is also the executive director of Wuhan Aiweige. As of the Latest Practicable Date, Wuhan Aiweige and Shenzhen Rhegen were both Independent Third Parties.

Adult TB Vaccine – REC607

On February 8, 2021, we entered into a technology transfer agreement with Shanghai Public Health Clinical Center, ID Pharma Co., Ltd. ("**ID Pharma**") and Shanghai Saimo Biotechnology Co., Ltd. (上海賽墨生物技術有限公司) (together the "**Transferors**") (the "**Technology Transfer Agreement**"), wherein the Transferors agreed to transfer the know-how and patents with the exclusive global development right of a virus vectored vaccine to us. In particular, the Transferors are jointly responsible for (i) providing the immunogenicity verification test data; (ii) providing existing technical information and samples, including the manufacturing methods; and (iii) providing technical service and personnel training, including guiding on-site staff in relation to the production process and quality standards. Under the Technology Transfer Agreement, we retain the right to develop and commercialize, and manufacture and sale of this vaccine candidate globally.

Under the terms of the Technology Transfer Agreement, we need to pay the Transferors an upfront payment of RMB3.0 million (including a total of RMB2.4 million made as advance payment in August and September 2020), which was fully settled in March 2021, and milestone instalments of RMB47.0 million, including RMB4.0 million after all the parties concluded that the vaccine candidate demonstrated satisfactory immunogenicity profile and we obtained the relevant documentations; RMB11.0 million upon obtaining the IND approval from NMPA; RMB12.0 million after we decide to initiate phase III clinical trial based on phase II clinical trial results; and RMB20.0 million upon obtaining the NDA or BLA approval from the NMPA. We are also obligated to pay a low single-digit percentage of global net sales of REC607 as royalties. In 2019, 2020 and the nine months ended September 30, 2021, we paid nil, RMB2.4 million and RMB1.0 million in accordance with the Technology Transfer Agreement. Following the Track Record Period and as of the Latest Practicable Date, we did not record any payment in accordance with the Technology Transfer Agreement.

Under the terms of the Technology Transfer Agreement, the patent inventors are the persons who made substantial contributions to the research and development of the REC607. Patent ownership, development rights and transfer rights belong to us. We also have the right to use the patented technology and technical secrets to make subsequent improvements, and the experimental data and new technological achievements generated thereby belong to us.

Unless terminated earlier, the agreement will expire, upon the expiration of the patents obtained in relation to the research and development of the vaccine candidate. The agreement may be terminated by either party upon the change of governmental policies, unforeseeable changes, or material uncured breach of the agreement. In the worst case scenario, if the agreement is terminated due to uncured material breach of the agreement, the breaching parties shall be responsible for all the direct and indirect losses of the non-breaching party. If REC607 fails to complete pre-clinical studies or clinical trials without any party's fault due to unforeseeable events, the agreement shall automatically terminate without any party's fault and all outstanding payment obligations shall automatically lapse.

Shanghai Public Health Clinical Center (formerly known as Shanghai Infectious Disease Hospital), is a Class III Grade A hospital funded by Shanghai government. ID Pharma is a Japan-based biotechnology company focusing on developing Sendai virus vector technology, which is controlled by I'rom Group, a company listed on the Tokyo Stock Exchange (stock code: 2372). Shanghai Saimo Biotechnology Co., Ltd. is a biotechnology company founded in 2013 specializing in biotechnology-related technology consulting and technology services, whose ultimate beneficial owner is Mr. Zhong Jun (鍾軍), a PRC individual who has extensive experience in R&D and enterprise management in the biotechnology industry. As of the Latest Practicable Date, Shanghai Public Health Clinical Center, ID Pharma, Shanghai Saimo Biotechnology Co., Ltd. and Mr. Zhong Jun were all Independent Third Parties.

OUR PLATFORM

We have established a comprehensive platform, covering full life cycle of a vaccine from R&D stage to commercialization. In particular, we have established a matrix organization structure for the efficient management and operation system supported by the Integrated Product Development ("**IPD**") system.

Research and Development

R&D is crucial to our continuous success. The vaccine industry has been rapidly evolving with various scientific advancement and innovative technologies to constantly reshape the vaccinology field. We continue to invest heavily in R&D activities to strengthen and expand our technology platforms, aiming to develop potential best-in-class vaccine candidates for global market. In addition, we have implemented the IPD System to advance multiple vaccine development projects simultaneously and efficiently.

As of the Latest Practicable Date, our in-house R&D team consisted of over 100 talents, most of whom held doctoral or master's degrees, majoring in immunology, molecular biology, pathogen biology, clinical medicine, etc. Our R&D team was led by our CEO, Dr. Liu Yong and our vice president Dr. Chen Jianping, who has over 20 years of experience in vaccine development. Benefiting from our IPD System, our R&D team is comprised of four different product development teams, namely the vaccine innovation core, process research core, comprehensive R&D core and R&D quality core. Our R&D team is primarily located in Beijing and Taizhou R&D centers and are mainly responsible for early discovery, R&D, clinical trial management and manufacturing process.

For the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, our total research and development costs amounted to RMB63.3 million, RMB130.5 million and RMB371.8 million, respectively. For the same periods, we had not capitalized any research and development costs.

IPD System

Our IPD System lays a solid foundation for our R&D activities. The core concept of the IPD System is that companies must expand cross-functional teams to perform vaccine development and use standard processes and templates to guide those development activities. This platform governs the entire life cycle of vaccine candidates. We have adopted a matrix R&D structure under the IPD System. We establish an integrated product management team ("**IPMT**") at our senior management team. The IPMT is responsible for formulating our short-term and long-term R&D goals, assigning priority and allocating resources among different R&D projects and making judgments at crucial point during the R&D process. For each R&D project, we will establish a specific project development team ("**PDT**"). We also establish a project management office ("**PMO**"), who will provide day-to-day management and supervision of each PDTs and report to the IPMT key progress and issues of each PDT.

After a specific PDT is established, we conduct a market demand analysis for our vaccine candidates at the early stage of vaccine development. Such analysis will serve as the basis of our vaccine development program to ensure our vaccine products can meet the market demand. The IPMT will be responsible for allocating our R&D resources for each PDT and identify the key areas for the PDT and PMO. As vaccine development involves a complex and multi-disciplinary process, for each vaccine project we will assign a designated project manager and establish a PDT consisting of employees from technology platforms and related departments including clinical and regulatory affairs, manufacturing, quality control and quality assurance. These employees are also required to utilize resources from their respective departments in the R&D process in accordance with IPMT's resource allocation and priority judgment. For example, if they consider that a novel adjuvant shall be applied in a particular vaccine candidate, they will require employees from the novel adjuvant platform to utilize more resources. During the R&D process, the PMO will communicate with the PDT on regular basis to understand the key issues and key progress in the R&D process, which will be submitted to the IPMT for judgment to ensure the R&D result can achieve the R&D goal. The PMO will organize a discussion among each PDT and the IPMT biweekly.

Empowered by the IPD System, our R&D resources are allocated by the IPMT based our long-term and short-term R&D goals. For each R&D project, we will assign a dedicated PDT and a designated project manager to ensure the project is advanced in a timely and smoothly manner. The PMO will serve as the bridge between each PMO and the IPMT to ensure that key issues and crucial judgments can be addressed and made in a timely manner. Utilizing the IPD System, we are able to advance the pre-clinical development of multiple vaccine programs (such as the pre-clinical development of different HPV vaccine candidates) and carry out several clinical trials simultaneously in an effectively manner (such as the phase III clinical trial for REC603 and phase I clinical trial of ReCOV).

Our Technology Platform

We have developed three advanced technology platforms for novel adjuvant development, protein engineering and immunological evaluation. These platforms empower us to continue to discover and develop subunit vaccines that apply advanced technologies in our vaccine candidates.

- ***Novel adjuvant platform.*** Adjuvants are substances used in conjunction with antigens to assist in antigen presentation and enhance immune responses. Conventionally, only the alum adjuvant was widely used in vaccines. Since the 21st century, novel adjuvants have been applied in the vaccine industry gradually, and created vaccine products that can stimulate higher and broader immune response. According to Frost & Sullivan, as of the Latest Practicable Date, only five novel adjuvants had been applied in FDA-approved vaccines for human use, namely AS01, AS03, AS04, CpG1018, and MF59, the components of which have been in the public domain for over 20 years. Our novel adjuvant platform closely follows the latest technology breakthrough in immunology studies and utilize our know-how and experiences in biomedicine, chemistry and materials to develop novel adjuvants and optimize the manufacturing process for bulk manufacturing. Currently, the novel adjuvant platform is equipped with advanced R&D machine and equipment, such as preparation tank, purification system, rotary evaporator, homogenizer, gas chromatograph, liquid chromatograph and nano particle size analyzer. We have 26 employees working under this platform with 14 of them holding a master's degree or above. Through this platform, we are able to develop adjuvant, benchmarking all of these FDA-approved adjuvants. This capability has enabled us to not rely on any particular adjuvant supplier. In addition, our platform also empowers us to discover and apply new adjuvants in new generation vaccine candidates.

- ***Protein engineering platform.*** Our protein engineering platform utilizes a structure-based immunogen design approach to provide antigen optimization solutions for the development of subunit vaccines based on multi-disciplinary studies. This platform enables us to rapidly discover and identify potential antigens to define the structural basis of antigenicity, to understand mechanisms of immune protection and to guide rational immunogen design, which are critical steps in our vaccine development. In addition, our protein engineering platform adopts multiple expression systems,

including *E.coli*, *H. polymorpha*, baculovirus and CHO cell expression systems, among others. With this diversified expression system toolbox, we have been able to select and apply the most suitable expression systems in our vaccine development. During the vaccine development, our protein engineering platform helps us to design and select the optimized recombinant protein through various expression systems. The protein engineering platform is equipped with a number of advanced R&D machine and equipment, such as mammalian cell reactor, electroporator, fluorescence quantitative PCR detection system, AKTA purification system, and clone imager. We have 24 employees working under this platform, most of which holds a master's degree or above. Through this platform, we have been able to rapidly advance the development of our COVID-19 and HPV vaccine candidates.

- ***Immunological evaluation platform***. To elucidate the mechanism of immune protection for emerging and reemerging infectious diseases, immunological evaluation is a critical step in subunit vaccine discovery and development. With this platform, we are able to select the optimal antigen and adjuvant combination and in turn improve immunogenicity profile of our candidates. The immunological evaluation process involves multiple disciplines including immunology, biologics, molecular biology and clinical chemistry. Our core scientific team began to build our immunological evaluation platform as early as 2004 and we became one of the first in China to have such a platform. With this platform, we are one of the first companies that can conduct pseudoviral neutralization, ELISPOT, and ICS tests in China, which have been used in the development of our vaccine candidates. Our immunological evaluation platform is equipped with advanced R&D machines and equipment, such as pCTL fluorescence/enzyme-linked spot analyzer, flow cytometer, multifunctional microplate reader, fluorescence inverted microscope and ELISA kit. We have nine employees working under this platform with four of them holding a master's degree or above.

Our technology platforms have formed a solid trifecta, creating synergies in antigen design optimization, the development and production of adjuvants, and the formulating of the combination of the optimal antigen-adjuvant combination. Supported by these platforms, we have developed several vaccine candidates. We are constantly upgrading our technology platforms to further enrich our R&D toolbox and we believe that our technology platforms will continue to drive our vaccine candidates development going forward.

In-house R&D Process

During the Track Record Period, the research and development of our vaccine candidates were primarily conducted by our in-house R&D team. The following summarizes our in-house R&D process in vaccine candidates development.

- ***Discovery stage.*** We have established a dedicated team mainly responsible for discovering the target diseases. Supported by our IPD System, we usually conduct a detailed analysis before initiating the R&D activities. In each case, we conduct a feasibility study based on technology barriers, competitive landscape and disease incidence burden. Our management team will review the study and mainly responsible for determining whether we shall proceed to further R&D activities. We may also carry out laboratory testing to analyze the safety and efficacy potentials of vaccine candidates.

- ***Pre-IND research and development***. For each vaccine candidate that passes the discovery stage study, we will establish a specific product development team who are directly responsible for preclinical R&D activities. The team will consist of talents from different technology platforms and operation departments, including clinical and regulatory affairs, quality management and CMC. We also engage qualified third parties to carry out animals testing during R&D stage during the Track Record Period.

- ***Clinical trial management.*** We have a dedicated clinical management team, led by our chief medical officer Dr. Zhang Jianhui, who has over 16 years of experience in clinical research and management in leading pharmaceutical companies, such as Sanofi and Merck Sharp & Dohme. As of the Latest Practicable Date, our clinical management team consisted of 25 employees. Our clinical management team closely follow up with PIs and regulatory bodies to ensure our clinical trials are conducted in an efficient way and all the issues arising from clinical trials can be addressed in a timely manner. In addition, we also engaged reputable CROs to manage, conduct and support our clinical trials during the Track Record Period. We entered into master service agreements with CROs for clinical trial management services under which we execute separate work orders for each clinical development project. To ensure the performance of these CROs in a manner that complies with our protocols and applicable laws, which in turn protects the integrity and authenticity of the data from our trials and studies, we closely supervise these CROs and keep regular communication with them.

- ***Continuous CMC Development.*** During the clinical trial, we will conduct more CMC development. The continuous CMC development aims to address the issues and risks we observed during the clinical trial and the scaling-up in manufacturing capacities, to assure process performance consistency and product quality, safety and efficacy, and fulfil the regulatory expectation of marketing approval.

Outsourced R&D Activities

During the Track Record Period, we outsourced certain testing, formulation and evaluation activities relating to research and development to third-party CROs, such as toxicity studies, characterization studies and process development of ReCOV. We normally only outsource R&D activities that we consider cost-efficient and are not the most crucial part to third party institutions.

CROs

We also engaged CROs to manage, conduct and support our clinical trial for our HPV 9-valent vaccine candidates, ReCOV and other ongoing clinical trials during the Track Record Period. In 2019, 2020 and the nine months ended September 30, 2021, we collaborated with 5, 18, and 25 CROs and we paid RMB2.1 million, RMB30.0 million and RMB116.0 million to these CROs for our clinical trials. These clinical CROs provide us with an array of services necessary for our clinical trials in accordance with our trial design and under our supervision. We engaged CROs for all the clinical trials for REC603, REC601 and REC602 in China, who were mainly reputable CRO companies in China. We also engage a global leading multinational CRO company to support our clinical trial for ReCOV in New Zealand. These CROs generally provide a comprehensive suite of services to assist us in the implementation and management of clinical trials, including trial preparation, source data verification, clinical safety management, data management, and report preparation. We also engage certain CROs provide certain data analysis and sample testing to support the clinical trials for our Core Product, REC603. The fees we paid to these CROs are generally determined through arm's length negotiations based on the exact service to be provided by them. To the best of our Company's knowledge, none of them have any past or present relationships with our Group, our Directors, shareholders, senior management or any of their respective associates, save for acting as our CROs, as applicable.

We have established stringent rules in selecting our CROs, where we generally take account in various factors including qualifications, experiences, industry reputation, adequacy of clinical trial equipment and data management capability. Our supplier selection process requires competitive bids from at least three service providers, suppliers or partners for outsourced services over RMB10 million. The vendor assessment criteria include ability, reputation, quality, price, and business scope. Written explanations must be provided for any exceptions to the bidding process. We also recorded and videotaped the bidding procedure to ensure a fair and transparency selection process. The contracts will be executed within the period stated in the bidding documents.

We generally enter into long-term clinical service contracts using industry standard contracts with our CROs, which typically have terms ranging from three to five years. Payment schedules for CROs are typically tied to clinical site milestones such as the enrollment of a certain percentage of patients, the enrollment of all patients, the conclusion of the trial and the finalizations of the data. Our CROs typically extend to us credit terms ranging between 10 days and 30 days.

Our clinical management team reviews and approves various clinical documents for the management and implementation of the clinical trial. Many clinical development plans, such as project communication plan, data management plan, protocol deviation plan, medical inspection plan and research management were developed to manage the clinical trial. We also adopted electronic clinical trial management system, an advanced clinical management system to manage daily research and development work, for our REC603 and ReCOV.

Trial Sites and PIs

We generally select trial sites that are reputable, have large pool for our target subjects and have experiences in similar clinical trials. In 2019, 2020 and the nine months ended September 30, 2021, we paid RMB1.2 million, RMB2.1 million and RMB49.7 million to three, three and 17 trial sites. The fees we paid to them are generally determined through arm's length negotiations with reference to the clinical trial type and the number of subjects enrolled at such site. We only settle our payment with trial sites directly and we did not settle any payment with their respective PIs. These trial sites and PIs are generally responsible for the day-to-day management of the clinical trial to ensure it complies with the clinical trial protocol, provision of vaccine shots and follow-up observations and reviews.

The leading trial sites for phase I clinical trials of REC601, REC602 and REC603 are Henan CDC, with Mr. Xia Shengli (夏勝利) as their lead PI. The leading trial sites for phase III clinical trial of REC603 are Henan CDC, Peking University No. 1 Hospital, Shanxi CDC and Yunnan CDC, with Mr. Xia Shengli, Dr. Zhao Jian (趙健), Mr. Li Guohua (李國華) and Dr. Liu Xiaoqiang (劉曉強) as their leading PIs respectively. All of these PIs have extensive experiences in prevention and control of infectious diseases. To the best of our knowledge, none of these trial sites or PIs have any past or present relationships with our Group, our Directors, shareholders, senior management or any of their respective associates, save for acting as our clinical trial sites or our PIs, as applicable.

R&D Facilities

During the Track Record Period and up to the Latest Practicable Date, our R&D activities were primarily conducted at our Beijing R&D center and Taizhou headquarter. Our Beijing R&D center is equipped with a pilot plant mainly for the pre-IND process development and approximately 4,000 square meter laboratories for vaccine discovery. Our Taizhou R&D facility has a GFA of approximately 3,800 square meters with four pilot plants, mainly for the process development and manufacturing of our clinical trial samples. Our R&D facilities can also support the manufacturing and development of novel adjuvants.

Manufacturing

During the Track Record Period and up to the Latest Practicable Date, most of our vaccine candidates used in our clinical trials were manufactured by our in-house manufacturing team, including our HPV vaccine pipeline. As of the Latest Practicable Date, our manufacturing and CMC team has 192 employees which is currently led by Mr. Zhang Kai, who has over 22 years of experience in biopharmaceutical industry, including over seven years of experience in vaccine manufacturing at GSK.

In anticipation of the market demand of our clinical-stage vaccine candidates, we have started to prepare for the commercial manufacturing of our vaccine candidates. We are constructing our HPV vaccine manufacturing facility in Taizhou, Jiangsu province, the first phase of which has a designed capacity of five million doses of HPV 9-valent vaccines or 30 million doses of HPV bivalent vaccines per year. Our current designed capacity of HPV manufacturing facility only represents that of the phase I construction project, which can be potentially expanded to over 10 million doses of HPV 9-valent vaccines or 60 million doses of HPV bivalent vaccines per year with the same manufacturing facility. We are planing to build another manufacturing facility for HPV vaccines with reserved land in Taizhou, Jiangsu province, if needed, after our HPV vaccines are commercialized. The construction of the first phase of our HPV manufacturing facility is expected to be completed by the end of 2022. In addition, we completed the construction of our GMP-standard manufacturing facility for ReCOV in Taizhou, Jiangsu province in November 2021. The manufacturing facility, which can also be used for the manufacturing of recombinant shingles vaccines, has a total GFA of approximately 17,000 sq.m. and has the potential to support an annual manufacturing capacity of 300 million doses of ReCOV.

During the Track Record Period and up to the Latest Practicable Date, we engaged third-party CMOs and manufacturers to produce vaccine samples for our clinical trials, aiming for an efficient and more cost effective process. For example, we engaged CMOs in China to manufacture clinical trial samples for ReCOV. We have adopted stringent procedures to ensure the facilities and production qualifications of our CMOs are in compliance with the relevant regulatory requirements and all of our CMOs are GMP certified. We selected a limited number of industry-leading third-party CMOs based on their qualification, relevant expertise, manufacturing capacity, track record and the contract terms.

Quality Management

We have formulated a comprehensive quality control and quality assurance system in compliance with the relevant regulations, standards, guidelines and requirements, for example the GxP standard, which covers all of our vaccine development cycle including raw material procurement, research and development, manufacturing, facilities and equipment, packaging and labelling. We are dedicated to achieve the GLP standard for the research and development of our vaccine candidates. More importantly, our clinical trials and manufacturing process are strictly complied with the GCP and GMP standards, respectively.

Our quality control system is categorized as quality assurance and quality control. Our quality assurance team is mainly responsible for the design of our quality management system, its day-to-day management and the continuous improvement of the quality system to ensure that the development and production of our vaccine candidates are effectively controlled. Our quality control team is mainly responsible for the establishment of quality control strategies and procedures for environment, raw materials, critical intermediates, finished products and stability. This includes the establishment of quality inspection/testing methods and quality specifications related to quality attributes. The quality control group mainly includes comprehensive management, physical and chemical tests, instrument analysis, microbiological tests, biochemical assay and biological assay team.

We have established detailed internal rules governing the selection of raw material suppliers and the quality of the raw materials. We purchase raw materials only from suppliers that have proven track records with high product quality. After initial screening by our procurement department, we typically request product samples from a supplier, which provides an important basis for our supplier selection decisions. In addition, we would conduct on-site quality audit at the supplier's production facilities, and we require the supplier to execute a quality guarantee agreement with us. For supplies that do not pass our inspection, they will be returned to the suppliers and such suppliers will be categorized as unqualified suppliers. We stringently implement and follow our return and exchange policies, based upon which we would return any nonconforming raw material supplies that do not satisfy our quality control standards. As of the Latest Practicable Date, we have not experienced any interruptions with our suppliers due to product quality issues.

In addition, our comprehensive quality management system comprises various stringent policies relating to vaccine research, development and manufacturing. For instance, we have designed and implemented a series of technical and procedural guidelines relating to the manufacturing of our recombinant HPV 9-valent vaccine candidate, namely the REC603, such as fermentation, harvest, purification, formulation, filling and packaging. We have also adopted multiple policies on the management of our laboratories, experiment data and samples. Moreover, our quality management system is designed to ensure compliance with the GMP, pharmacopoeia, labeling requirements and other applicable laws and regulations.

As of the Latest Practicable Date, we had 176 employees responsible for industrialization construction, production operation and quality management, which is led by Mr. Zhou Hongjun, who has over 17 years of working experience in the vaccine industry, especially in vaccine quality management. In light of the commercialization of ReCOV, we designed and implemented a series of technical and procedural guidelines relating to the manufacturing of ReCOV, such as packaging and cold chain logistic guidelines. Despite we have not experience any quality issues to date, such issues identified are documented, escalated to and reviewed by senior management. We also conduct a formal risk assessment and justification process in accordance with the standards and procedures under our quality management system and policies. In order to further enhance our quality control standard, we are in the process of building a digital quality control system, which will enable us to monitor our business operations on a real-time basis.

Commercialization

During the Track Record Period and as of the Latest Practicable Date, we did not have any commercialized products. In anticipation of the launch of our vaccine product, we are gradually building our commercialization team and establishing our commercialization strategy ahead of the launch of our advanced-stage vaccine candidates.

The goal of our commercialization activities are to maximize the commercial potential of our vaccines in China market and gradually bring our product to overseas market. In China, we will first focus our marketing and commercialization activities in developed areas and then gradually deepen our presence into lower-tiered cities and areas. We will adopt an academic promotion strategy and we plan to organize seminars and attend academic conferences to increase brand acceptance. We are also elaborating opportunities to collaborate with leading contract sales organizations in China for market penetration.

We have formulated clear commercialization strategy for our clinical-stage vaccine candidates, namely HPV vaccines, COVID-19 vaccines and recombinant shingles vaccine.

- ***HPV Vaccines.*** Our diversified HPV vaccine pipeline aims to accommodate market demand from population with different affordabilities. Our recombinant 9-vaccine targets high-end HPV vaccine market. Our recombinant bivalent vaccine candidates plans to adopt an attractive price, with an aim to be included in the national immunization program of China. We expect the major customers for our Core Product will be individual customers instead of CDCs, considering that it is unlikely that HPV 9-valent vaccines will be included in the national vaccination regime in China. As REC603 is still under Phase III clinical trial, we have not formulated any concrete pricing strategy at this stage but we expect that its price will be generally lower than that of its competitors. Further, as our phase III clinical trial for REC603 in China included a head-to-head with Gardasil 9 of Merck, we believe such clinical data, if positive, will also assist in our academic promotion and future commercialization activities. Leverage the aforementioned factors, we plan to seek opportunities to collaborate with insurance companies to include REC603 in their coverage, considering that major customers of REC603 are expected to be individuals.

- ***COVID-19 Vaccines.*** We plan to conduct academic promotion to introduce the advantages of ReCOV, especially the unique design of RBD-NTD-foldon structure and to actively participate in national or regional centralized procurement regime.

- ***Shingles Vaccine.*** We will primarily focus our marketing activities for our recombinant shingles vaccine in tier-one cities.

We are also gradually stepping into overseas markets. We are currently gradually building our sales team and international business development team in preparation of the commercialization of our vaccine candidates. In particular, we are exploring opportunities to collaborate with third parties to conduct clinical trials, seek regulatory approval and commence commercialization for our vaccine candidates. We are currently negotiating with a leading China-based biopharmaceutical company in relation to the ex-China commercialization arrangement of ReCOV. As of the Latest Practicable Date, we had not entered into any definitive agreements or arrangements with respect to the aforementioned arrangements. For developing countries, our strategy is to cooperate with local pharmaceutical giants and major NGOs in regions such as Southeast Asia, South Asia, South America, and Africa through technology transfer and joint-ventures. For developed countries, we plan to enter into strategic partnership on R&D and marketing with global-leading pharmaceutical companies in Europe and the United States to penetrate these markets.

SUPPLIERS AND PROCUREMENT

During the Track Record Period, our major suppliers primarily included (i) suppliers of raw materials and consumables for our vaccine candidate R&D; (ii) suppliers of equipment for our R&D and manufacturing process and (iii) service providers such as CROs. We maintain a list of qualified suppliers and we will conduct qualification review and on-site audit for all of the qualified suppliers. We only procure raw materials from qualified suppliers. We conduct regular review on qualified suppliers and suppliers that failed to pass such review will be removed from the list of qualified suppliers. We select our suppliers by considering their qualifications, compliance with relevant regulations and industry standards, quality, prices, business scale, market share, reputation and after-sales service quality. We have maintained stable business relationship with our major suppliers. During the Track Record Period, we did not experience any material disputes with suppliers, difficulties in the procurement of raw materials, interruptions in our operations due to a shortage or delay of raw materials or significant fluctuations in raw material prices.

During the Track Record Period, our purchases from our five largest suppliers in aggregate in each year/period accounted for 39.3%, 60.3% and 27.4% of our total purchases for the same year/period. Our purchases from our largest supplier in each year/period accounted for 13.9%, 18.9% and 11.8% of our total purchases for the same period, respectively. None of our Directors, their associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, held any interest in any of our five largest suppliers during the Track Record Period. The following table summarizes our five largest suppliers during the Track Record Period.

Rank	Suppliers	Purchase Amount	% of total purchase	Credit Term	Commencement of business relationships	Supplier Background	Product/ Service Procured
		(RMB in thousands)	*(%)*				
For the nine months ended September 30, 2021							
1	Supplier A	60.5	11.8	10 days	2020	Leading CDMO service provider based in Shanghai	Preclinical study and IND application of COVID-19 vaccine candidate
2	Supplier B	50.4	9.8	7 days	2020	Construction service provider based in Shanghai	Purification and decoration services for ReCOV manufacturing facility
3	Supplier C	37.2	7.2	25 days	2020	Construction service provider based in Jiangsu province	Construction for R&D and manufacturing facilities for HPV and ReCOV
4	Supplier D	28.3	5.5	28 days	2020	Medical device and equipment provider based in Yunnan province	Purchase of chromatography system and wave bioreactor for HPV vaccines and ReCOV
5	Supplier E	25.3	4.9	20 days	2021	CRO service provider based in Beijing	CRO services, data management and related services for phase III trial for REC603 in China
	Total	201.7	27.4				

Rank	Suppliers	Purchase Amount	% of total purchase	Credit Term	Commencement of business relationships	Supplier Background	Product/ Service Procured
		(RMB in thousands)	*(%)*				
For the year ended December 31, 2020							
1	Supplier C	38.9	18.9	25 days	2020	Construction service provider based in Jiangsu province	Construction for ReCOV manufacturing facilities and HPV manufacturing facility
2	Supplier A	35.0	17.0	10 days	2020	Leading CDMO service provider based in Shanghai	Preclinical study and IND application of COVID-19 vaccine candidate
3	Supplier F	31.5	15.3	one off	2020	Local finance bureau in Jiangsu province	Leasehold for our headquarters and R&D center in Taizhou
4	Supplier G	12.0	5.8	up to 12 months	2019	Pharmaceutical equipment provider based in Jiangsu province	Manufacturing equipment for ReCOV
5	Supplier H	6.8	3.3	15 days	2020	Vaccine engineering technology company based in Jiangsu Province	Lease of R&D facilities
	Total	124.2	60.3				

Rank	Suppliers	Purchase Amount	% of total purchase	Credit Term	Commencement of business relationships	Supplier Background	Product/ Service Procured
		(RMB in thousands)	*(%)*				
For the year ended December 31, 2019							
1	Supplier I	14.0	13.9	7 days	2019	Construction service provider based in Jiangsu province	Construction service for HPV manufacturing facility
2	Supplier J	8.1	8.0	30 days	2019	Biochemical and pharmaceutical products and equipment supplier based in Shanghai	Raw materials and equipment for the research and development of our HPV vaccines
3	Supplier K	7.6	7.5	5 days	2019	Life science product supplier based in Shanghai	Medical consumables and reagent and related storage services for the research and development of HPV vaccines
4	Supplier L	6.5	6.5	10 days	2019	Pharmaceutical equipment provider based in Shanghai	Purchase of manufacturing equipment and construction service for HPV vaccines
5	Supplier M	3.4	3.4	5 days	2017	Investment management company based in Beijing	Leasehold property for office use in Beijing
	Total	39.6	39.3				

INVENTORY

Our inventory primarily consisted of raw and auxiliary materials, testing materials, packaging materials and consumables for vaccine development. We procure our raw and auxiliary materials, testing and packaging materials and consumables based on the estimated clinical progress and production volume of our vaccine candidates. We closely monitor our vaccine development progress to better plan our production and control our inventories. We have established an inventory management system to monitor each stage of the warehousing process. Warehouse personnel are responsible for the inspection, storage and distribution of raw materials. Raw materials are separately stored in different areas of the warehouse according to their storage condition requirement, usage and batch number.

To date, we leased warehouses from independent third parties. Each warehouse is equipped with lighting and ventilation facilities and temperature and humidity meter to ensure the storage condition for our raw and auxiliary materials, testing and packaging materials and consumables. According to our inventory policies, the warehouse manager need to check and record regularly to ensure the temperature and humidity level meet the storage requirements. In addition, anti-insects and anti-rodents facilities have been installed to effectively prevent insects and other animals from entering the warehouse which further ensure the safety of our inventories. In light of the commercialization of our vaccine candidates, we are currently building two warehouses at our headquarters, which include a comprehensive warehouse and a dangerous goods warehouse with a total GFA of over 15,000 square meters.

COMPETITION

Vaccine markets in China and globally are intensely competitive and rapidly evolving. We face potential competition from many difference entities, including large multi-national and domestic pharmaceutical and biotechnology companies that have commercialized or are commercializing or pursuing the development of vaccines that target diseases as we do. We compete primarily based on our vaccine pipeline, technology platforms and manufacturing facilities and process. Our key competitors vary by vaccine types. For further details of market opportunities and competition in respect of our vaccine pipeline, see "—Our Vaccine Pipeline."

INTELLECTUAL PROPERTY

As a company focusing on the research, development and commercialization of recombinant vaccine products, we believe intellectual property are crucial to our business. We actively seek patent protection for our vaccine candidates in China and major jurisdictions and file additional patent applications, when appropriate, to cover certain antigens, strains, proteins, formulations and production processes. We have developed a significant portfolio of intellectual property rights to protect our technologies and products. As of the Latest Practicable Date, we had registered 10 inventional patents and had 28 patent applications (26 Chinese patent applications, and 2 PCT patent applications which can be entered into China upon request before June 23, 2023). Our Directors confirm that we were not involved in any proceedings in respect of, and we had not received notice of any claims of infringement of, any intellectual property rights that might be threatened or pending as claimant or respondent during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth material patents relating to our product candidates in China as of the Latest Practicable Date.

Number	Patent	Category	Related Products	Patent Number	Patent Owner	Application Date	Expiration Date
1	A method to create HPV Type 18 L1 protein with H. *polymorpha expression system*	Invention	Core Product, REC601, REC604a, REC604b	201210021524.X	Beijing ABZYMO	2012.01.21	2032.01.20
2	A method to create HPV Type 6 L1 protein with H. *polymorpha expression system*	Invention	Core Product, REC602, REC604a, REC604b	201210088620.6	Beijing ABZYMO	2012.03.28	2032.03.27
3	A method to create HPV Type 11 L1 protein with H. *polymorpha expression system*	Invention	Core Product, REC602, REC604a, REC604b	201210088656.4	Beijing ABZYMO	2012.03.28	2032.03/27
4	A method to create HPV Type 58 L1 protein with H. *polymorpha expression system*	Invention	Core Product REC604a	201310148823.4	Beijing ABZYMO and the Company	2013.04.26	2033.04.25
5	A method to create HPV Type 52 L1 protein with H. *polymorpha expression system*	Invention	Core Product REC604a	201310150032.5	Beijing ABZYMO and the Company	2013.04.26	2033.04.25
6	A method to create HPV Type 33 L1 protein with H. *polymorpha expression system*	Invention	Core Product REC604a	201310183593.5	Beijing ABZYMO and the Company	2013.05.17	2033.05.16
7	A method to create HPV Type 31 L1 protein with H. *polymorpha expression system*	Invention	Core Product REC604a	201310185027.8	Beijing ABZYMO and the Company	2013.05.17	2033.05.16
8	A method to create HPV Type 45 L1 protein with H. *polymorpha expression system*	Invention	REC604a	201310185039.0	Beijing ABZYMO and the Company	2013.05.17	2033.05.16

The following table summarizes our material patent applications relating to our product candidates in China.

Number	Patent	Category	Related Products	Patent Number	Patent Applicant	Application Date
1.	A basic plasmid vector, recombinant plasmid vector, expression system, EV71 type recombinant virus-like particles and EV71 vaccine	Invention	REC605	202110707967.3	The Company and Beijing ABZYMO	June 24, 2021
2.	A kind of HPV Type 45 L1 protein antibody and its preparation method	Invention	Core Product, REC604a	202110811303.1	The Company and Beijing ABZYMO	July 19, 2021
3.	A kind of HPV Type 6 L1 protein antibody and its preparation method	Invention	Core Product, REC602, REC604a, REC604b	202110811218.5	The Company and Beijing ABZYMO	July 19, 2021
4.	A kind of antibody of human papillomavirus type 11 L1 protein and preparation method thereof	Invention	Core Product, REC602, REC604a, REC604b	202110575487.6	The Company and Beijing ABZYMO	May 26, 2021
5.	A kind of gene recombination VZV fusion protein, its preparation method and application thereof	Invention	REC608	202110858777.1	The Company and Beijing ABZYMO	July 28, 2021
6.	A kind of gene recombination VZV fusion protein, its preparation method and application thereof	Invention	REC608	202110858776.7	The Company and Beijing ABZYMO	July 28, 2021
7.	A kind of fusion protein and its application	Invention	ReCOV	202111234947.5	Jaingsu CDC, the Company and Beijing ABZYMO	October 22, 2021
8.	Fusion protein and its application	Invention	ReCOV	202111236380.5	Jaingsu CDC, the Company and Beijing ABZYMO	October 22, 2021
9.	Method for Producing HPV6 L1 Protein with Hansenula Expression System	Invention	Core Product	201711118435.6	Beijing ABZYMO	March 28, 2012
10.	Method for Producing HPV11 L1 Protein with Hansenula Expression System	Invention	Core Product	201810637916.6	Beijing ABZYMO	March 28, 2012
11.	Method for Producing HPV18 L1 Protein with Hansenula Expression System	Invention	Core Product	201811381504.7	Beijing ABZYMO	January 21, 2012

Number	Patent	Category	Related Products	Patent Number	Patent Applicant	Application Date
12.	Method for Producing HPV33 L1 Protein with Hansenula Expression System	Invention	Core Product	201910692179.4	The Company and Beijing ABZYMO	May 17, 2013
13.	Method for Producing HPV52 L1 Protein with Hansenula Expression System	Invention	Core Product	201910793290.2	The Company and Beijing ABZYMO	April 26, 2013
14.	Method for Producing HPV58 L1 Protein with Hansenula Expression System	Invention	Core Product	201910793381.6	The Company and Beijing ABZYMO	April 26, 2013
15.	Method for Producing HPV31 L1 Protein with Hansenula Expression System	Invention	Core Product	201910880015.4	The Company and Beijing ABZYMO	May 17, 2013

EMPLOYEES

As of the Latest Practicable Date, we had 431 employees, all of whom were based in China. The following table sets forth the number of our employees by function as of Latest Practicable Date.

Function	Number of Employees	% of total
Research and development	133	31%
Clinical management	25	6%
Manufacturing and CMC	192	45%
Management and administrative	81	19%
Total	431	100%

We recruit our employees primarily through recruiting websites, third-party recruiters and employee referral. We conduct new employee training, as well as professional and safety training programs for all employees in accordance with our internal procedures. We enter into employment agreements with our employees to cover matters such as wages, benefits and grounds for termination. During the Track Record Period, we made contributions to social insurance and housing provident funds in compliance with applicable PRC laws and regulations in all material respects. We also enter into standard confidentiality, intellectual property assignment and non-competition agreements with our key management and research and development staff, which 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 two years after the termination of his or her employment. Employees also sign acknowledgments regarding service inventions and discoveries made during the course of his or her employment.

We have not established a labor union. During the Track Record Period and up to the Latest Practicable Date, we did not experience any labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice, such as clinical trial insurance. In line with industry practices in China, we have elected not to maintain certain types of insurances, such as business interruption insurance or key man insurance. See "Risk Factors—Risks Relating to Our Business Operation—We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources." Our Directors consider that our existing insurance coverage is sufficient for our present operations and in line with industry practices in China.

SOCIAL, HEALTH, WORK SAFETY AND ENVIRONMENTAL MATTERS

In respect of social responsibilities, we have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics. We strive to provide a safe working environment for our employees. We have implemented work safety guidelines setting out safety practices, accident prevention and accident reporting procedures. Our employees responsible for manufacturing and quality control and assurance are required to hold relevant qualifications, as well as wear the proper safety gear when working. We conduct regular safety inspections and maintenance for our manufacturing facility.

We strive to operate our facilities in a manner that protects the environment and the health and safety of our employees and communities. We have implemented company-wide environmental health and safety policies and operating procedures, covering waste treatment, process safety management, worker health and safety requirements and emergency planning and response. As required by the applicable PRC laws and regulations, our manufacturing facilities under construction are required to pass the environmental impact assessment. We have obtained passed such assessment for our HPV manufacturing facility and COVID-19 manufacturing facility in February 2020 and April 2021, respectively. For waste water generated during our R&D and manufacturing process, we will perform coagulation and sterilization first and then send them to a third party for processing. In particular, as our manufacturing for COVID-19 vaccine is expected to be completed soon, we have formulated a set of matrix and criteria with respect to the waste water, including its Ph values shall be between 6 to 9 and its Chemical Oxygen Demand (COD) waste shall not exceed 280 mg/L. For waste gas, we will build activated charcoal filter and water spray equipment to process before emission. In addition, our operations involve the use of hazardous and flammable chemical materials. We generally contract with third parties for the disposal of these materials and wastes. In order to and manage the environmental, social and climate related risks, we have

adopted a set of internal control policies, which set out the standard procedure for us to monitor such risks and how should we deal with these emergency events. We have also adopted a environmental risk assessment management procedure, which require us to conduct periodic review on the environmental impact that our operations may have. We also adopt a standard environment, health and safety (EHS) risk management procedure and EHS compliance evaluation procedure, pursuant to which we are required to conduct periodic review the risks and challenges we may encounter in this area. During the Track Record Period and up to the Latest Practicable Date, we complied with the relevant environmental and occupational health and safety laws and regulations in all material aspects and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the period.

We pay close attention to the global trend and China's national strategy of addressing climate change and ecological environment protection, and will actively enhance our ability to address climate change and cope with China's initiatives and action plans regarding future carbon dioxide emission. In terms of major climate change-related initiatives or action plans that may affect us, we plan to formulate policies after our listing to systematically identify, assess and manage climate change-related risks, and formulate relevant response strategies.

PROPERTIES

We are headquartered in Taizhou, Jiangsu province. As of the Latest Practicable Date, we owned a land use rights in Taizhou, Jiangsu province with a total GFA of 81,946 sq.m. We hold the valid title for such land. In addition, as of the same date, we leased 13 properties for production and office use with a total GFA of 27,788.6 sq.m. The details of our leased properties as of the Latest Practicable Date are set forth as follows.

Number	Lessee	Location	GFA (sq.m)	Expiration Date	Usage
1	Beijing ABZYMO	Beijing	1,245.12	June 30, 2025	R&D center
2	Beijing ABZYMO	Beijing	2,973.00	June 30, 2025	R&D center
3	Beijing ABZYMO	Beijing	340.00	June 30, 2026	Office
4	Beijing ABZYMO	Beijing	672.00	December 31, 2025	Office
5	Beijing ABZYMO	Beijing	285.14	October 12, 2023	Office
6	The Company	Taizhou	331.00	N/A*	Office
7	The Company	Taizhou	208.00	March 31, 2022	Office and R&D
8	The Company	Taizhou	622.00	May 31, 2022	Office and R&D
9	The Company	Taizhou	16,730.79	October 19, 2025	Manufacturing
10	The Company	Taizhou	3,100.00	April 15, 2025	R&D
11	Wuhan Recbio	Wuhan	842.89	March 19, 2023	Office
12	Wuhan Recbio	Wuhan	194.76	November 8, 2022	Office
13	Wuhan Recogen	Wuhan	243.92	December 31, 2022	Office and R&D

Note:

* As of the Latest Practicable Date, the original lease for this premise has expired. However, the property is under transfer process from the original landlord to an asset manager and we had not entered into the lease renewal as of the same date. As confirmed by the asset manager, we may continue to use such premise and they will enter into a lease renewal with us in due course once the transfer is completed.

Two of our leases are expiring in the first half of 2022. With respect to these leases, we plan to renew such lease upon their expiration. Considering that we have maintained good and long-term relationship with the same landlord of the five leases in Taizhou, our Directors are of the view that the likelihood of failure to renew such lease is remote. Even in the worst case scenario that we failed to renew such lease, our Directors are of the view that such failure will not have a material and adverse impact on our operations considering that these properties are located in the Medical New & Hi-tech Industrial Development Zone in Taizhou where there are abundant unoccupied office premises for lease and we believe we would be able to relocate our office to a different site relatively easily.

With respect to the 13th lease in Wuhan, the lease was sub-leased to us by our landlord from its owner. As of the Latest Practicable Date, our landlord for the sub-lease had not obtained the written consent from the owner of the premise for such sub-lease. As advised by our PRC Legal Advisor, the lack of written consent may result in the termination of the lease between the owner of the premise and our sub-lease landlord. In light of the above and considering that we have not yet started to use such premise, our Directors are of the view that such defect will not have a material and adverse impact on our business.

As of the Latest Practicable Date, we had not completed lease registration with the relevant regulatory authorities for all of the leases above. Our PRC Legal Advisor are of the view that the non-registration of lease agreements will not affect the validity of such lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine between RMB1,000 and RMB10,000 per lease for any delay in making these registrations. Therefore, we have the right to use such properties in accordance with the lease agreements but we may be subject to the risks of fines if the lease registration is not completed as required by the relevant local housing administrative authorities. As of the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of the lease agreements.

According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group's interests in land or buildings, for the reason that, as of September 30, 2021, we had no single property with a carrying amount of 15% or more of our total assets.

LICENSES, PERMITS AND APPROVALS

As a company primarily engaged in R&D, manufacturing and commercialization of vaccine products in China, we are subject to regular inspections, examinations and audits and are required to maintain or renew the necessary permits, licenses and certificates for our business. Our PRC Legal Advisor have advised us that, up to the Latest Practicable Date, we had obtained all major requisite licenses, approvals and permits from the relevant government authorities that are material for our current principal business operations in the PRC pursuant to the relevant laws and regulations or the regulatory practice of the competent authority.

The following summarizes material license and permits we held as of the Latest Practicable Date.

License and Permits	Related Product	Holder	Issuance Date	Expiration Date
IND approval for an HPV bivalent vaccine candidate (HPV Type 16/18) in China	REC601	Our Company and Beijing ABZYMO	October 19, 2017	N/A
IND approval for an HPV bivalent vaccine candidate (HPV Type 6/11) in China	REC602	Our Company and Beijing ABZYMO	May 31, 2018	N/A
IND approval for an HPV 9-valent vaccine candidate in China	REC603	Our Company and Beijing ABZYMO	July 6, 2018	N/A
IND approval for COVID-19 vaccine candidate in New Zealand	ReCOV	Our Company and Beijing ABZYMO	April 29, 2021	N/A
Drug production license	ReCOV	Our Company	November 15, 2021	November 14, 2026
Phase II/III clinical trial approval for COVID-19 vaccine candidate in Philippines	ReCOV	Our Company	January 7, 2022	N/A

We plan to renew our drug production license upon its expiration and we currently do not foresee any material legal impediments to renew such license.

LEGAL PROCEEDINGS AND COMPLIANCE

We may be involved in legal proceedings in the ordinary course of business from time to time. During the Track Record Period and up to the Latest Practicable Date, neither we nor any of our Directors were involved in any litigation, arbitration or administrative proceedings which could have a material adverse impact on our business, financial condition or results of operations, including those that may have an influence on the R&D of our Core Product, REC603. As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us or our Directors which would have a material and adverse impact on our business, financial condition or results of operations. During the Track Record Period and up to the Latest Practicable Date, we were in compliance with the applicable laws and regulations in China that are material to our business operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We are subject to various risks during our operations. For details, see "Risk Factors." We have established a comprehensive risk-management system and relevant policies and procedures which we consider suitable for our business operations. Our policies and procedures are aimed at managing and monitoring our business performance. We have adopted, or will continue to adopt, among other things, the following risk management measures:

- establish an audit committee to review and supervise our financial reporting process and internal control system. Our audit committee consists of three members: Xia Lijun (the chairman of the committee, Yuen Ming Fai and Zhou Hongbin). For the qualifications and experiences of these members, see "Directors, Supervisors and Senior Management;"

- adopt various policies to ensure the compliance with the Listing Rules, including but not limited to policies in respect of risk management, connected transactions and information disclosure;

- provide regular anti-corruption and anti-bribery compliance training for senior management and employees in order to enhance their knowledge of and compliance of applicable laws and regulations; and

- arrange our Directors and senior management to attend training seminars on Listing Rules requirements and the responsibilities as directors of a Hong Kong-listed company.

As a crucial part of our internal control system, we have adopted stringent procedures to protect the confidentiality of clinical trial data we collected. Sensitive patient data we obtained in our clinical trial is stored in the Internet data center established and owned by us. Our clinical operation department is responsible for supervising the data protection practice during clinical trials. We have kept all patient data such as personal information since they enrolled in our clinical trials for an indefinite period unless deletion of such data is required by relevant laws and regulations or requested by the relevant users. We also provide on-board training with respect to the handling of personal data to all of our employees when they join us.

We have also adopted a set of anti-corruption policies. Our management team and audit committee are responsible for designing and implementing our anti-corruption policies and procedures as well as overseeing our anti-corruption practice. Our employee handbook and code of conduct sets standard requirement for our employees in relation to anti-corruption policies. We have also established a whistle blower program to encourage employees to report any suspicious conduct and we will initiate our internal investigation on such suspicious conduct if necessary. Any employee found in breach of the relevant anti-corruption policies faces termination of employment. We also provide anti-corruption training to our employees on an annual basis.

We value the environmental, social and climate-related impact that our operations may have during our daily operations. Our senior management are responsible for overseeing our environmental, social and climate-related practice. We also encourage our employees to report any issues or risks in this area they spot in daily operations. We have also implemented stringent procedures, which cover crucial aspects of our operations, to ensure that our environmental, social and climate-related practice complies with the applicable PRC laws and regulations. We value the well-being of our employees and we have also adopted a series of procedures to ensure that our health and safety practice complies with applicable PRC laws and regulations. We also adopt a whistle-blowing policy through which our employees can report any health or safety related incidents on an anonymous basis.

We have appointed an internal control consultant to review the effectiveness of our internal control measures related to our major business processes, to identify the deficiencies for improvement, advise on the rectification measures and review the implementation of such measures. During the review process of our internal control consultant, certain internal control matters were identified and we have adopted corresponding internal control measures to improve on these matters. We have adopted the recommendations made by the internal control consultant, and our internal control consultant has completed the follow-up procedures on our internal control system with regard to those actions taken by us in June 2021 and has not identified any material deficiencies in our internal control system.

BOARD OF DIRECTORS

Our Board consists of twelve Directors, comprising three executive Directors, five non-executive Directors and four independent non-executive Directors. The following table sets out information in respect of the Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
LIU Yong (劉勇)	49	Chairman of the Board, Executive Director and General Manager	March 7, 2011	January 25, 2019	Overall management of business strategy, corporate development and R&D of our Group	N/A
CHEN Jianping (陳健平)	44	Executive Director and Vice General Manager	March 1, 2018	November 2, 2020	Management of daily operations of R&D activities and the strategic development	N/A
LI Bu (李布)	45	Executive Director and Vice General Manager	April 1, 2020	March 27, 2021	Management of daily operations of administrative, human resources, purchasing and IT departments and the strategic development	N/A
HONG Kunxue (洪坤學)	57	Non-executive Director	May 9, 2021	May 9, 2021	Providing guidance and advice on R&D strategies	N/A
ZHOU Hongbin (周宏斌)	48	Non-executive Director	November 2, 2020	November 2, 2020	Providing guidance and advice on corporate and business strategies	N/A

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
ZHAO Hui (趙輝)	57	Non-executive Director	January 24, 2019	January 24, 2019	Providing guidance and advice on corporate and business strategies	N/A
DU Wei (杜威)	41	Non-executive Director	January 24, 2019	January 24, 2019	Providing guidance and advice on corporate and business strategies	N/A
FENG Tao (逢濤)	58	Non-executive Director	November 2, 2020	November 2, 2020	Providing guidance and advice on corporate and business strategies	N/A
LIANG Guodong (梁國棟)	70	Independent non-executive Director	May 9, 2021	May 9, 2021	Supervising and providing independent judgement to our Board	N/A
XIA Lijun (夏立軍)	45	Independent non-executive Director	June 28, 2021	June 28, 2021	Supervising and providing independent judgement to our Board	N/A
GAO Feng	61	Independent non-executive Director	May 9, 2021	May 9, 2021	Supervising and providing independent judgement to our Board	N/A
YUEN Ming Fai (袁銘輝)	71	Independent non-executive Director	May 9, 2021	May 9, 2021	Supervising and providing independent judgement to our Board	N/A

Executive Directors

LIU Yong (劉勇), aged 49, is an executive Director of our Company and chairman of the Board of our Company. Dr. Liu founded our Group on March 7, 2011 and has been serving as a director since January 25, 2019 and the chairman of our Board since October 2020. Dr. Liu was re-designated as the Chairman of the Board on May 9, 2021 and an executive Director on June 28, 2021. He is primarily responsible for the overall management of business strategy, corporate development and research and development of our Group. Dr. Liu has been serving as the general manager of Beijing ABZYMO, a subsidiary of our Company, since March 7, 2011. Dr. Liu has been serving as the executive director of Beijing ABZYMO since March 2011. He has been serving as the general manager and executive director of Wuhan Recbio, a subsidiary of our Company, since September 2021, and chairman of the board of directors of Wuhan Recogen, a subsidiary of our Company, since September 2021.

Dr. Liu has over 23 years of technical and management experience in the field of novel vaccines. Dr. Liu has published over 60 publications in leading academic journals and held over 20 invention patents since 1998. Prior to the foundation of our Group, Dr. Liu worked at National Center for AIDS/STD Control and Prevention of Chinese Center for Disease Control and Prevention (中國疾病預防控制中心性病艾滋病預防控制中心) from February 2004 to September 2010 as a research professor and led the development of HIV DNA vaccine as a team leader of HIV DNA vaccine team. Dr. Liu has also worked as a visiting scholar at the NIH Vaccine Research Center, where he carried out research on HIV.

Dr. Liu graduated from Chinese Academy of Medical Sciences & China Union Medical University (中國協和醫科大學) with a doctoral degree in pathogen biology in July 2000. Dr. Liu was a research fellow in Vaccine Research Center of National Institutes of Health of the United States from December 2006 to December 2007. Dr. Liu participated in post-doctoral research in basic medicine at Chinese Center for Disease Control and Prevention (中國疾病預防控制中心) from August 2001 to December 2003.

Dr. Liu obtained the certificate of research professor in biochemistry and molecular biology by Ministry of Health, PRC in July 2008. He was an editorial board (the sixth) member of the Chinese Journal of Microbiology and Immunology, and the only Asian member of the Young and Early Career Investigators Committee (YECIC) of the Global HIV Vaccine Enterprise (GHVE). Once elected as one of the third "Top Ten Innovative and Entrepreneurial High-level Talents" of Taizhou Medical New & Hi-tech Industrial Development Zone on May 2020, Dr. Liu was also recognized as an excellent entrepreneurial individual (創業先進個人) on the tenth anniversary of the establishment of Taizhou Medical New & Hi-tech Industrial Development Zone on May 2019.

CHEN Jianping (陳健平), aged 44, was appointed as a Director on November 2, 2020 and re-designated as an executive Director on June 28, 2021. He is primarily responsible for the management of daily operations of R&D activities and the strategic development of our Company. Dr. Chen has been serving as a vice general manager in our Company since January 30, 2019. He has been serving as a director in Wuhan Recogen, a subsidiary of our Company, since September 2021.

Dr. Chen worked in National Center for AIDS/STD Control and Prevention of Chinese Center for Disease Control and Prevention from July 2002 to October 2009 as a research professor and a core member of immunity team to assist with immunity evaluation of vaccines and immunity research relating to HPV vaccines. Dr. Chen served in leading academic institutions including Harvard University and NIH Vaccine Research Center in the U.S.. Dr. Chen assumed several positions in Beijing Health Guard Biotechnology INC. (北京康樂衛士生物技術股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 833575) from June 2012 to February 2016 successively, including a manager in bioformulation agents division, manager in clinical medicine and registration division and vice general manager. From March 2016 to February 2018, Dr. Chen served as head of registration division in Beijing Xinaijin Biotechnology Co., Ltd. (北京新艾進生物科技有限公司). Dr. Chen served as a chief expert in Beijing ABZYMO from March 2018 to December 2018. Dr. Chen contributed to the research and the establishment of database for genetic variation and epidemiological characteristics of major HIV strains across the country.

Dr. Chen obtained his bachelor's degree in biology technology from Sichuan University (四川大學) in the PRC in July 1999. Dr. Chen obtained his master's degree in physiology from Beijing Normal University (北京師範大學) in the PRC in June 2002. Dr. Chen obtained his doctoral degree in immunology from the Chinese Center for Disease Control and Prevention (中國疾病預防控制中心) in July 2009. Dr. Chen participated in post-doctoral research in immune system at University of Connecticut from October 2009 to September 2010 and at Medical University of South Carolina. Dr. Chen obtained the certificate of associate research professor of immunology from the Minister of Health of the People's Republic of China (中華人民共和國衛生部) in July 2009.

Dr. Chen has been awarded the Commemorative Certificate for the Prevention and Treatment of SARS in the Capital (首都防治 "非典"工作紀念證書) by Beijing Joint Working Group on Prevention and Treatment of SARS (北京防治非典型肺炎聯合工作小組) in July 2003. Dr. Chen has been awarded the First-class Prize of 2006 China Medical Science and Technology Award (2006年中華醫學科技獎一等獎) by Chinese Medical Association (中華醫學會) in December 2006. Dr. Chen has been awarded the Second-class Prize of National Science and Technology Progress Award (國家科學技術進步獎二等獎) by the State Council of the PRC (中華人民共和國國務院) in December 2007. Dr. Chen has been awarded the Honorary Certificate of Wenchuan Earthquake Relief (汶川大地震抗震救災榮譽證書) by the Chinese Center for Disease Control and Prevention (中國疾病預防控制中心) in July 2008.

LI Bu (李布), aged 45, was appointed as a Director on March 27, 2021 and re-designated as an executive Director on June 28, 2021. He is primarily responsible for managing the daily operations of administrative, human resources, purchasing and IT departments and the strategic development of our Company. He joined our Company in April 2020 as an assistant to the general manager and human resources director and was appointed as a vice general manager on November 9, 2020. Mr. Li has been serving as a vice general manager in our Company since November 9, 2020. He has been serving as a director in Wuhan Recogen, a subsidiary of our Company, since September 2021.

Prior to joining our Company, Mr. Li served as a human resources manager in KPC Pharmaceuticals, Inc. (昆藥集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600422) from 1999 to May 2005. Mr. Li served as a president assistant in Walvax Biotechnology Co., Ltd. (雲南沃森生物技術有限公司), a company listed on the ChiNext Market of Shenzhen Stock Exchange (stock code: 300142) from September 2007 to June 2009. Mr. Li served as a human resources director in Yunnan Belle Shoes Limited (雲南百麗鞋業公司) from June 2009 to August 2012. Mr. Li served as a general manager in Kunming Hanyu Business Consulting Co., Ltd (昆明瀚宇商務諮詢有限公司) from April 2014 to January 2020.

Mr. Li obtained his bachelor's degree in technology economics from Central South University of Technology (中南工業大學) in the PRC in June 1999. Mr. Li obtained his master's degree in business management from Kunming University of Science and Technology (昆明理工大學) in the PRC in June 2011.

Non-executive Directors

HONG Kunxue (洪坤學), aged 57, was appointed as a Director on May 9, 2021 and re-designated as a non-executive Director in July 2021. Dr. Hong has been serving as the chief scientist since June 1, 2021. Dr. Hong is primarily responsible for providing guidance and advice on R&D strategies of our Company.

Prior to joining our Group, Dr. Hong was a lecturer in examination department of Henan Medical University (河南醫科大學) in June 1995. Dr. Hong worked as a research scholar in the University of California, Los Angeles in the U.S. from August 2004 to February 2005 and a visiting scholar in Duke Human Vaccine Institute from August 2004 to August 2005. Dr. Hong worked in National Center for AIDS/STD Control and Prevention of Chinese Center Disease Control and Prevention from December 2001 to May 2021 as a team leader of immunity team to lead immunity evaluation of vaccines and immunity research relating to HIV vaccines.

Dr. Hong obtained his bachelor's degree in clinical medicine from Henan Medical University (currently known as Zhengzhou University (鄭州大學)) in the PRC in June 1988. Dr. Hong obtained his master's degree in clinical laboratory diagnostics from Jilin Medical College (吉林醫學院) (currently known as Beihua University (北華大學)) in the PRC in July 1991. Dr. Hong obtained his doctoral degree in genetics from China Union Medical University (中國協和醫科大學) (currently known as Peking Union Medical College (北京協和醫學院)) in the PRC in July 1999. Dr. Hong participated in post-doctoral research at Chinese Center for disease control and Prevention (中國疾病預防控制中心) in the PRC from October 1999 to December 2001.

Dr. Hong has been a member of the Academic Committee and Degree Committee of the Center in National Center for AIDS/STD Control and Prevention of Chinese Center Disease Control and Prevention from July 2008 to May 2021. Dr. Hong has also been a member of the editorial board of Infectious Microbes & Diseases (《感染微生物與疾病(英文)》) since 2019. Dr. Hong was awarded a certificate of honor for combating the COVID-19 by the People's Government of Hubei Province in April 2020. Dr. Hong was appointed as a Optical Valley Industry Professor by Wuhan University (武漢大學) in December 2021.

ZHOU Hongbin (周宏斌), aged 48, was appointed as a Director on November 2, 2020 and re-designated as a non-executive Director on June 28, 2021. He is primarily responsible for providing guidance and advice on corporate and business strategies.

From May 2005 to March 2015, Dr. Zhou successively served as investment manager, investment vice general manager, investment director and executive director of Legend Capital (君聯資本管理股份有限公司). From September 2015 to June 2021, Dr. Zhou served as a director at Milkyway Chemical Supply Chain Service Co., Ltd. (密爾克衛化工供應鏈服務股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603713). From June 2015 to September 2021, Dr. Zhou served as a supervisor at Guangzhou Kingmed Diagnostics Group Co., Ltd. (廣州金域醫學檢驗集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603882). From October 2016 to June 2021, Dr. Zhou also served as a director at Pharmaron Beijing Co., Ltd. (康龍化成(北京)新藥技術股份有限公司), a company listed on the Main Board of Stock Exchange (stock code: 03759) and ChiNext Market of Shenzhen Stock Exchange (stock code: 300759). From February 2017 to March 2021, Dr. Zhou served as a director at Shanghai Atour Business Management (Group) Co., Ltd. (上海亞朵商業管理(集團)有限公司).

Dr. Zhou is concurrently serving the following positions outside our Group:

Name of company	Place of incorporation	Nature of business	Position	Terms of service
Legend Capital (君聯資本管理股份有限公司)	PRC	investment management	managing director, co-chief investment officer	April 2015 to present
Jiangsu Lihua Animal Husbandry Co., Ltd. (江蘇立華牧業股份有限公司), a company listed in the ChiNext Market of Shenzhen Stock Exchange (stock code: 300761)	PRC	animal husbandry	director	July 2015 to present

Name of company	Place of incorporation	Nature of business	Position	Terms of service
Shanghai Cell Therapy Group Co., Ltd. (上海細胞治療集團有限公司)	PRC	biotechnology	director	September 2016 to present
Ningbo Xinwan Technology Development Co., Ltd. (寧波新灣科技發展有限公司)	PRC	R&D	director	August 2017 to present
Chemclin Diagnostics Co., Ltd. (科美診斷技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688468)	PRC	medical R&D	director	February 2018 to present
Joy Wing Mau Corporation Limited (鑫榮懋果業科技集團股份有限公司)	PRC	wholesale	director	February 2019 to present
MicuRx Pharmaceuticals, Inc. (上海盟科藥業股份有限公司)	PRC	medical R&D	director	October 2020 to present
China Southern Airlines Cargo Logistics (Guangzhou) Co., Ltd. (南方航空貨運物流(廣州)有限公司) (currently known as China Southern Airlines Logistics Co., Ltd. (南方航空物流有限公司), which is held by China Southern Airlines Company Limited (中國南方航空股份有限公司) as to 55%, a listed company on the Stock Exchange (stock code: 01055), Shanghai Stock Exchange (stock code: 600029) and the New York Stock Exchange (ticker symbol: ZNH))	PRC	logistics	supervisor	February 2021 to present

Dr. Zhou obtained his bachelor's degree in engineering from Wuhan University (武漢大學) in the PRC in July 1994. Dr. Zhou obtained his master's degree in engineering from Wuhan University in the PRC in June 1997. Dr. Zhou obtained his doctoral degree in management from Fudan University (復旦大學) in the PRC in July 2000.

ZHAO Hui (趙輝), aged 57, was appointed as a Director on January 24, 2019 and re-designated as a non-executive Director on June 28, 2021. He is primarily responsible for providing guidance and advice on corporate and business strategies.

Mr. Zhao has been serving as a partner in Shenzhen Oriental Fortune Capital Co., Ltd. (深圳東方富海投資管理股份有限公司) since May 2009. Mr. Zhao has been serving as a director in Qingdao Kaineng Environmental Science And Technology Co., Ltd. (青島達能環保科技股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 688501) and formerly listed on National Equities Exchange and Quotations since June 2015. Mr. Zhao has been serving as the general manager of Shenzhen Capital Fortune Investment Co., Ltd. (深圳市遠致富海投資管理有限公司) since June 2021.

Mr. Zhao obtained his master's degree in economics from Peking University (北京大學) in the PRC in January 1998.

DU Wei (杜威), aged 41, was appointed as a Director on January 24, 2019 and re-designated as a non-executive Director on June 28, 2021. He is primarily responsible for providing guidance and advice on corporate and business strategies.

From April 2012 to March 2017, Dr. Du has served as the vice president in China Science & Merchants Investment Management Group Co., Ltd. Wuxi Branch (中科招商投資管理集團股份有限公司無錫分公司). Dr. Du has also been serving as an executive director in CMB International Capital Management (Shenzhen) Co., Ltd. (招銀國際資本管理(深圳)有限公司) since April 2017.

Dr. Du obtained his bachelor's degree in pharmacy from Wuhan University (武漢大學) in the PRC in June 2002. Dr. Du obtained his doctoral degree in biochemistry from School of Medicine of Boston University in the U.S. in January 2009. Dr. Du participated in post-doctoral research at the Beth Israel Deaconess Medical Center at Harvard Medical School in the U.S. from 2009 to 2010.

Dr. Du was the general manager of Wuxi Herui Shengguang Electric Technology Co., Ltd. (無錫和瑞盛光電科技有限公司) ("**Herui Shengguang**") before its revocation of business license on July 10, 2019. Dr. Du confirmed that the revocation of business license of Herui Shengguang was due to close of business but the company did not timely make required filing. Dr. Du confirmed that Herui Shengguang was solvent immediately before the revocation of business licence as Herui Shengguang did not actually commence business operation since its establishment and he has not received any claims or legal proceedings made or commenced against him. Dr. Du confirmed that he did not incur any debt and/or liabilities because of such revocation of business license, and that the revocation of business license did not have any negative effect on our Group.

Dr. Du has been certified as a chartered financial analyst of the CFA Institute since May 2020.

FENG Tao (逢濤), aged 58, was appointed as a Director on November 2, 2020 and re-designated as a non-executive Director on June 28, 2021. He is primarily responsible for providing guidance and advice on corporate and business strategies.

Dr. Feng used to be a president and chief management consultant in Walvax Biotechnology Co., Ltd. (雲南沃森生物技術股份有限公司) from 2007 to 2012, a company listed on Shenzhen Stock Exchange (stock code: 300142).

Dr. Feng is now the chairman of the board of directors in Shenzhen Fer-Capital Investment Co., Ltd. (深圳前海沃盈投資管理有限公司), and the director in Beijing Microread Genetics Co., Ltd. (北京閱微基因技術股份有限公司), and also the director in Beijing Compass Biotechnology Co., Ltd. (北京康普森生物技術有限公司).

Dr. Feng obtained his doctoral degree of business administration in management from Institut des Hautes Etudes Economiques et Commerciales in France in January 2015. Dr. Feng obtained his doctoral degree in applied economics from Université de Versailles in France in April 2015.

Independent Non-executive Directors

LIANG Guodong (梁國棟), aged 70, was appointed as a Director on May 9, 2021 and re-designated as an independent non-executive Director on June 28, 2021. Mr. Liang is primarily responsible for supervising and providing independent judgement to our Board.

Prior to joining our Group, Mr. Liang worked as an assistant research professor in Institute of Virology of Chinese Academy of Preventive Medicine (中國預防醫學科學院病毒學研究所) from October 1987 to June 1992. Mr. Liang worked in National Institute for Viral Disease Control and Prevention in China CDC (中國疾病預防控制中心病毒病預防控制所) from September 1995 to August 2014 with his last positions as a research professor and deputy director in the institute.

Mr. Liang obtained his bachelor's degree in medicine and master's degree in medicine from Shanxi Medical College (山西醫學院) in the PRC in September 1977 and July 1987, respectively. Mr. Liang has been awarded third prize and first prize of Science and Technology Progress Award of Ministry of Health in PRC in September 1998 and August 1999, respectively. Mr. Liang has been a member of National Planned Immunization Committee of PRC (國家計劃免疫委員會) and National Infectious Disease Standards Committee of PRC (國家傳染病標準委員會) since September 2010 and December 2013, respectively. Mr. Liang has been awarded the first prize for Science and Technology Awards of Chinese Preventive Medicine Association in December 2013 and second prize of Chinese Medicine Science and Technology Award in January 2014.

XIA Lijun (夏立軍), aged 45, was appointed as an independent non-executive Director on June 28, 2021. Dr. Xia is primarily responsible for supervising and providing independent judgment to our Board.

Prior to joining our Group, Dr. Xia served as a lecturer, master's supervisor, professor and doctoral supervisor of Shanghai University of Finance and Economics (上海財經大學) from March 2006 to January 2011, and as a professor and the head of Department of Accountancy of Antai College of Economics and Management of Shanghai Jiao Tong University (上海交通大學安泰經管學院) since March 2011. From April 2015 to June 2020, Dr. Xia also served as an independent director of BBI Life Sciences Corporation, a company formerly listed on the Stock Exchange (stock code: 1035). From May 2020 to May 2021, Dr. Xia worked as an independent director of Visionox Technology Inc. (維信諾科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002387).

Dr. Xia has been serving as a member of the Guiding Committee of Professional Education of Accountancy of the Ministry of Education of the PRC, the vice president of Higher Engineering College Committee under Accounting Society of China.

Dr. Xia is concurrently serving the following positions outside our Group:

Name of company	Place of incorporation	Nature of business	Position	Terms of service
Orient Fortune Information Co., Ltd. (東方財富信息股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300059)	PRC	financial service	independent director	February 2020 to present
Zhejiang Sunrise Garment Group Co., Ltd. (浙江盛泰服裝集團股份有限公司)	PRC	manufacturing and sales of textiles and clothing	independent director	December 2018 to present
Shanghai Sanyou Medical Co., Ltd. (上海三友醫療器械股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688085)	PRC	medical device	independent director	July 2019 to present
Huatai Baoxing Fund Management Co., Ltd. (華泰保興基金管理有限公司)	PRC	fund raising, fund sales and asset management	independent director	July 2016 to present

Name of company	Place of incorporation	Nature of business	Position	Terms of service
Shenzhen Huitai Medical Equipment Co., Ltd. (深圳惠泰醫療器械股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688617)	PRC	medical device	independent director	November 2019 to present
Shanghai Tongji Science & Technology Industrial Co., Ltd. (上海同濟科技實業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600846)	PRC	industrial service	independent director	April 2020 to present
東方證券股份有限公司, a company listed on the Stock Exchange (stock code: 3958) and Shanghai Stock Exchange (stock code: 600958)	PRC	financial service	independent supervisor	March 2021 to present

Dr. Xia obtained his bachelor's degree in economics from Hangzhou Dianzi University (杭州電子工業學院) in July 1997. Dr. Xia received his master's degree and Doctor of Philosophy in Management (Accounting) from Shanghai University of Finance and Economics in March 2003 and March 2006, respectively, and conducted postdoctoral research at the Corporate Governance Center of the Chinese University of Hong Kong from April 2007 to August 2007, and February 2008 to August 2008.

Dr. Xia is in charge of the Masters of Accounting Training Project of the Ministry of Finance of PRC since October 2018. He has been serving as the vice president of the Branch of Higher Education Institutions of Engineering of the Chinese Accounting Society of China since October 2020. He was qualified as a Certified Public Accountant in China in June 2000.

GAO Feng, aged 61, was appointed as a Director on May 9, 2021 and re-designated as an independent non-executive Director on June 28, 2021. Professor Gao is primarily responsible for supervising and providing independent judgement to our Board.

Prior to joining our Group, Professor Gao worked in University of Birmingham, Alabama in the U.S. as a research instructor from April 1993 to April 1994. Professor Gao worked in Medical Center of Duke University in the U.S. as an associate research professor of medicine from July 2002 to June 2011.

Currently, Professor Gao has been serving as a professor in Jilin University (吉林大學) in the PRC since December 2010. Professor Gao has been serving as an honorary professor in Medical Center of Duke University since September 2020 and a professor in Jinan University (暨南大學) in the PRC since October 2020.

Professor Gao obtained his bachelor's degree in medicine from Harbin Medical College (哈爾濱醫學院) (currently known as Harbin Medical University (哈爾濱醫科大學)) in the PRC in July 1984. Professor Gao obtained his master's degree in medicine from Chinese Academy of Preventive Medicine (中國預防醫學科學院) in the PRC in October 1987. Professor Gao participated in post-doctoral research in University of Birmingham, Alabama in the U.S..

Professor Gao has been serving as the vice chairman of Professional Committee of Immunity and Cell Therapy of Chinese Society of Laboratory Animals (中國實驗動物學會免疫與細胞治療專業委員會) and HIV Professional Committee of China Association of STD and AIDS (中國性病艾滋病防治協會艾滋病病毒專業委員會) since December 2018 and October 2020, respectively. He is also a standing member of Basic Research Professional Committee of China Association for the Prevention and Treatment of STDs and AIDS (中國性病艾滋病防治協會基礎研究專業委員會).

YUEN Ming Fai (袁銘輝), aged 71, was appointed as an independent Director on May 9, 2021 and re-designated as an independent non-executive Director on June 28, 2021. He is primarily responsible for supervising and providing independent judgement to our Board.

Prior to joining our Group, from November 1979 to January 1992, Dr. Yuen worked as a lecturer, and later a senior lecturer at The University of Hong Kong. After that, Dr. Yuen worked at Hong Kong University of Science and Technology ("**HKUST**") from January 1992 to June 2016 as a professor and Head of Department of the Department of Mechanical and Aerospace Engineering, a professor of the Department of Biomedical Engineering, Head of the Technology Transfer Center, and the acting deputy principal (R&D) of HKUST. Dr. Yuen also served at HKUST R and D Corporation Ltd. ("**RDC**") from January 2001 to June 2007 as the vice president, and from April 2009 to November 2010 as the president and the Chairman of the Board of RDC. Since January 2017, Dr. Yuen has been working as a specialist professor in Wuyi University (五邑大學).

Dr. Yuen served as an independent non-executive director of UDL Holdings Limited (太元集團有限公司) (currently known as DTXS Silk Road Investment Holdings Company Limited (大唐西市絲路投資控股有限公司)), a company listed on the Main Board of Stock Exchange (stock code: 620) from April 2002 to November 2015. Dr. Yuen has been serving as an independent non-executive director of CHTC Fong's International Company Limited (中國恒天立信國際有限公司), a company listed on the main board of Hong Kong Stock Exchange (stock code: 641) since September 2004.

Dr. Yuen obtained his bachelor's degree in mechanical engineering from University of Hong Kong in October 1971. Dr. Yuen obtained his doctoral degree in mechanical engineering from University of Bristol in the United Kingdom in October 1977.

BOARD OF SUPERVISORS

The Board of Supervisors comprises six supervisors. The following table sets out certain information relating to the Supervisors of the Company.

Name	Age	Position	Date of joining our Group	Date of appointment as a Supervisor	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
CHEN Gang (陳剛)	38	Chairman of the board of Supervisors	November 2, 2020	November 2, 2020	Overseeing the operations and financial affairs	N/A
XU Yaming (徐亞明)	43	Supervisor	July 1, 2019	August 7, 2019	Overseeing the operations and financial affairs	N/A
QIAO Weiwei (喬偉偉)	35	Supervisor	August 3, 2020	May 9, 2021	Overseeing the operations and financial affairs	N/A
GU Zhongcai (顧忠財)	39	Supervisor	November 2, 2020	November 2, 2020	Overseeing the operations and financial affairs	N/A
WANG Hongyang (王洪洋)	42	Supervisor	June 1, 2012	January 24, 2019	Overseeing the operations and financial affairs	N/A
QIAN Ranting (錢然婷)	46	Supervisor	May 24, 2021	May 25, 2021	Overseeing the operations and financial affairs	N/A

CHEN Gang (陳剛), aged 38, was appointed as the Chairman of the board of Supervisors on November 2, 2020. He is primarily responsible for overseeing the Company's operations and financial affairs.

From 2007 to 2011, Mr. Chen served as a project leader at L.E.K. Consulting (Shanghai) Co., Ltd. (艾意凱諮詢(上海)有限公司)). From 2013 to 2015, Mr. Chen worked at Vivo Capital Equity Investment Management (Shanghai) Co., Ltd. (維梧股權投資管理(上海)有限公司). From July 2018 to August 2020, Mr. Chen served as a director in Hangzhou Kangji Medical Equipment Co., Ltd. (杭州康基醫療器械股份有限公司), a subsidiary of Kangji Medical Holdings Limited (康基醫療控股有限公司), a company listed on the Main Board of Stock Exchange (stock code: 9997). From November 2020 to June 2021, Mr. Chen also served as a director at BirdoTech (Shanghai) Medical Technology Corporation Limited (都創(上海)醫藥科技股份有限公司). From October 2020 to September 2021, Mr. Chen served as a director at Hangzhou Sciwind Biotech Co., Ltd. (杭州先為達生物科技有限公司).

Mr. Chen is concurrently serving the following positions outside our Group:

Name of company	Place of incorporation	Nature of business	Position	Terms of service
Beijing Baicare Biotechnology Co., Ltd. (北京百康芯生物科技有限公司)	PRC	medical device	director	January 2018 to present
Beijing Anngeen Biotechnology Co., Ltd. (北京安智因生物技術有限公司)	PRC	medical device	director	July 2018 to present
Nanjing Yoko Pharma Biotechnology Medicine Corporation Limited (南京優科生物醫藥股份有限公司)	PRC	drug manufacturing	director	December 2020 to present
Shanghai Zhenge Biotech Co., Ltd. (上海臻格生物技術有限公司)	PRC	medical examination	director	May 2020 to present
Shenzhen ReeToo Biotech Co., Ltd. (深圳市瑞圖生物技術有限公司)	PRC	product R&D	director	September 2020 to present
Kangji Medical Holdings Limited (康基醫療控股有限公司), a company listed on the Main Board of Stock Exchange (stock code: 9997)	Cayman Islands	medical device	non-executive director	March 2020 to present
Shanghai HeartCare Medical Technology Corporation Limited (上海心瑋醫療科技股份有限公司)	PRC	medical technology	director	July 2020 to present
LYFE Capital Equity Investment Management (Shanghai) Co., Ltd. (洲岭私募基金管理(上海)有限公司)	PRC	investment management	supervisor	January 2021 to present

Mr. Chen obtained his bachelor's degree in clinical medicine from the Shanghai Medical College of Fudan University (復旦大學上海醫學院) in the PRC in July 2007 and master's degree in business administration from Northwestern University Kellogg School of Management in the U.S. in June 2013.

XU Yaming (徐亞明), aged 43, was appointed as a Supervisor on August 7, 2019. He is primarily responsible for overseeing the operations and financial affairs.

Mr. Xu worked in Citi Orient Securities Co., Ltd. (東方花旗證券有限公司) (currently known as Citi Orient Securities Co., Ltd. (東方證券承銷保薦有限公司)) from December 2007 to October 2015. Mr. Xu worked as an investment director in Caitong Securities Asset Management Co., Ltd. (財通證券資產管理有限公司) from December 2015 to March 2017. Mr. Xu worked as an investment director in Shanghai Zhongwei Venture Capital Management Co., Ltd. (上海中衛創業投資管理有限公司) from February 2017 to February 2020.

Mr. Xu has been working as an investment director in Shanghai Zhongfu Venture Capital Management Co., Ltd. (上海中孵創業投資管理有限公司) since February 2020.

Mr. Xu obtained his bachelor's degree from Nanjing Normal University (南京師範大學) in the PRC in July 2001. Mr. Xu obtained his master's degree from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2007.

QIAO Weiwei (喬偉偉), aged 35, was appointed as a Supervisor on May 9, 2021. Ms. Qiao has been serving as a manager of human resources and director of general manager's office in our Company since November 1, 2021. She is primarily responsible for overseeing the operations and financial affairs. Ms. Qiao has been serving as a supervisor in Wuhan Recbio, one subsidiary of our Company since September 2021.

Prior to joining our Group, Ms. Qiao worked in Taizhou Xinshengyuan Biological Medicine Co., Ltd. (泰州新生源生物醫藥有限公司) from July 2009 to June 2018. Ms. Qiao worked at Wenzhou Biomedical Collaborative Innovation Center (溫州市生物醫藥協同創新中心) from June 2018 to December 2019. Ms. Qiao worked as a project performance managing expert in Beijing ABZYMO from August 2020 to October 2020.

Ms. Qiao obtained her bachelor's degree in business administration from Nanjing University of Finance and Economics (南京財經大學) in the PRC in July 2014. Ms. Qiao has been qualified as National Certificate of Human Resource Managers II and III of PRC in April 2015 and July 2013, respectively. In September 2016, Ms. Qiao also obtained certification for completing the Advanced Seminar on the 13th Five-year Development Plan of Biopharmaceutical Industry of Jiangsu Province from Department of Human Resources and Social Security Department of Jiangsu Province. In May 2014, Ms. Qiao obtained certification for completing Taizhou's Enterprise Human Resource Manager Quality Improvement Training Course from Taizhou Human Resources and Social Security Department.

GU Zhongcai (顧忠財), aged 39, was appointed as a Supervisor on November 2, 2020. He is primarily responsible for overseeing the operations and financial affairs.

Mr. Gu served as an investment manager in Suzhou Guanghua Industry (Group) Co., Ltd. (蘇州市光華實業(集團)有限公司) from February 2006 to April 2010. Mr. Gu worked as a vice general manager in Suzhou Kanger Biomedical Co., Ltd. (蘇州康爾生物醫藥有限公司) from April 2010 to January 2014. Mr. Gu served in the investment banking department of Pacific Securities Co., Ltd. (太平洋證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601099) from March 2014 to January 2016. Mr. Gu has been serving as an investment manager and the executive director in Taizhou China Medical City New Drug Fund Management Co., Ltd. (泰州中國醫藥城新藥基金管理有限公司) since April 2017. Mr. Gu has been serving as an assistant to general manager of Taizhou Medical High-tech District Huayin Finance Investment Co., Ltd. (泰州醫藥高新區華銀金融投資有限公司) since December 2020.

Mr. Gu obtained his bachelor's degree in finance from Xi'an University of Finance and Economics (西安財經學院) in July 2005 and master's degree in business management from Northwestern Polytechnical University (西北工業大學) in the PRC in March 2015.

WANG Hongyang (王洪洋), aged 42, was appointed as a Supervisor on January 24, 2019. Ms. Wang joined our Group in June 2012. She is primarily responsible for overseeing the operations and financial affairs.

Ms. Wang served as a manager of human resources department and director of quality management department in Beijing ABZYMO from June 2012 to December 2018. Ms. Wang served as a manager of human resources department in Beijing ABZYMO from December 2018 to July 2019.

Ms. Wang obtained her bachelor's degree in Chinese medicine from Changchun University of Chinese Medicine (長春中醫學院) in the PRC in June 2002. Ms. Wang completed her master's courses in human resources management from Renmin University of China (中國人民大學) in the PRC in September 2018. Ms. Wang has been registered as human resource manager I with Beijing Human Resources and Social Security Bureau (北京人力資源和社會保障局) since September 2014. Ms. Wang has been registered as Labor Relations Coordinator with Beijing Human Resources and Social Security Bureau since December 2013. Ms. Wang has been registered as Internal Auditor ISO13485 with TUV since May 2016.

QIAN Ranting (錢然婷), aged 46, was appointed as a Supervisor on May 25, 2021. She is primarily responsible for overseeing the operations and financial affairs.

Prior to joining our Group, Ms. Qian served as a managing director of Huiqiao Investment Advisory (Shanghai) Co., Ltd. (薈橋投資諮詢(上海)有限公司) from February 2018 to July 2019. She also served as a managing director of Shanghai Kuokun Investment Management Co., Ltd. (上海闊坤投資管理有限公司) from August 2019 to September 2020.

Since October 2018, Ms. Qian has been serving as a partner and managing director of Shanghai Hongjia Asset Management Co., Ltd. (上海弘甲資產管理有限公司).

Ms. Qian obtained her bachelor's degree in economics from Beijing International Studies University (北京第二外國語學院) in the PRC in July 1997. Ms. Qian obtained her master of business administration from China Europe International Business School (中歐工商管理學院) in April 2004. Ms. Qian obtained her master in finance and development from University of London in the U.K. in December 2011. Ms. Qian has been a fellow member of The Association of Chartered Certified Accountants (FCCA) since March 2013.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company:

Name	Age	Position	Date of joining our Group	Date of appointment as a Senior Management	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
LIU Yong (劉勇)	49	General Manager	March 7, 2011	March 7, 2011	Overall management of the business strategy, corporate development and research and development of our Group	N/A
CHEN Jianping (陳健平)	44	Vice General Manager	March 1, 2018	January 30, 2019	Management of daily operations of R&D activities and the strategic development	N/A

Name	Age	Position	Date of joining our Group	Date of appointment as a Senior Management	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
LI Bu (李布)	45	Vice General Manager	April 1, 2020	November 9, 2020	Management of daily operations of administrative, human resource, purchasing and IT departments and the strategic development	N/A
ZHOU Hongjun (周紅軍)	41	Vice General Manager	August 1, 2020	November 9, 2020	Management of quality system, production and technology	N/A
CHEN Qingqing (陳青青)	39	Vice General Manager, Chief Financial Officer and secretary of the Board	April 6, 2021	May 9, 2021	Management of financing activities, investor relationship, internal control, corporate governance, finance and legal department	N/A
ZHOU Lei (周雷)	36	Finance Controller	March 22, 2019	March 22, 2019	Financial management	N/A

LIU Yong (劉勇), aged 49, is also the general manager of our Company. For details of his biography, please see "—Board of Directors—Executive Directors."

CHEN Jianping (陳健平), aged 44, is also our vice general manager of our Company. For details of his biography, please see "—Board of Directors—Executive Directors."

LI Bu (李布), aged 45, is also the vice general manager of our Company. For details of his biography, please see "—Board of Directors—Executive Directors."

ZHOU Hongjun (周紅軍), aged 41, was appointed as a vice general manager on November 9, 2020. Mr. Zhou served as an assistant to the general manager from August 2020 to November 2020. Mr. Zhou has been promoted and working as vice general manager since November 2020. He is primarily responsible for the management of the quality system, production and technology.

Mr. Zhou worked as a general manager in Yunnan Wokang Biotechnology Co., Ltd. (雲南沃康生物技術有限公司) from May 2017 to October 2018. Mr. Zhou worked as a vice general manager in Qujing Bohui Biological Technology Co., Ltd. (曲靖博暉生物科技有限公司) from December 2018 to May 2019. Mr. Zhou also worked as a vice general manager in Beijing Xiangrui Biological Products Co., Ltd. (北京祥瑞生物製品有限公司) from June 2019 to August 2020.

Mr. Zhou obtained his bachelor's degree in food science and engineering from Shihezi University (石河子大學) in the PRC in June 2003. Mr. Zhou obtained his master's degree in bioengineering from Kunming University of Science and Technology (昆明理工大學) in the PRC in June 2016.

Mr. Zhou was twice awarded second prize for Science & Technology Development/Achievement by the People's Government of Yunnan Province (雲南省人民政府) in April 2010 and January 2012, separately. Mr. Zhou has been named "the Most Beautiful Young Worker" by Yunnan Provincial Committee of the Communist Youth League (共青團雲南省委) in December 2012.

CHEN Qingqing (陳青青), aged 39, was appointed as chief financial officer, vice general manager and secretary of the Board of our Company on May 9, 2021. Ms. Chen is primarily responsible for financing activities, investor relationship, internal audit and control and corporate governance of the Group. She is also in charge of the finance and legal department.

Prior to joining our Group, Ms. Chen worked in Tencent Technology (Beijing) Co., Ltd. (騰訊科技(北京)有限公司) from May 2005 to April 2008. Ms. Chen worked as a deputy finance director in Beijing Qianxiang Wangjing Technology Development Co., Ltd. (北京千橡網景科技發展有限公司), a company listed on New York Stock Exchange (ticker symbol: RENN) from January 2009 to January 2015. Ms. Chen worked as a vice president of finance in Qufenqi (Ganzhou) Information Technology Development, Co., Ltd. (趣分期(贛州)信息技術有限公司), a company listed on New York Stock Exchange (ticker symbol: QD) from March 2015 to April

2017. From May 2017 to September 2017, Ms. Chen worked as a senior finance director in Beike Finance Holdings (Beijing) Limited (貝殼金控控股(北京)有限公司) (currently known as Beike Finance Holdings (Beijing) Limited (貝殼金科控股(北京)有限公司)), a subsidiary of KE Holdings Inc., a company listed on New York Stock Exchange (ticker symbol: BEKE). Ms. Chen worked as the chief finance officer in Shihezi Chenshang Equity Investment Partnership (Limited Partnership) (石河子市辰尚股權投資合夥企業(有限合夥)) from November 2017 to July 2020. Ms. Chen worked as a vice president in Dmall Life (China) Network Technology Co., Ltd. (多點生活(中國)網路科技有限公司) from August 2020 to March 2021.

Ms. Chen obtained her bachelor's degree in management and her master's degree in economics from Central University of Finance and Economics (中央財經大學) in the PRC in July 2004 and December 2017, respectively. Ms. Chen also obtained her master's degree in administration management from Peking University (北京大學) in the PRC in June 2019.

ZHOU Lei (周雷), aged 36, was appointed as a finance controller on March 22, 2019. He is primarily responsible for financial management.

Prior to joining our Group. Mr. Zhou worked as a finance controller in Yangtze River Pharmaceutical (Group) Co., Ltd. (揚子江藥業集團有限公司) from January 2017 to March 2019.

Mr. Zhou obtained his bachelor's degree in accounting from Jiangsu University of Science and Technology (江蘇科技大學) in June 2008. Mr. Zhou has been registered as an intermediate accountant with the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) since May 2011. Mr. Zhou has been registered as a certified tax agent with the China Certified Tax Agents Association (中國註冊稅務師協會) since November 2020. Mr. Zhou has passed all the required subjects of the professional stage of the National Uniform CPA examination of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since December 2020.

Save as disclosed above, none of our Directors, Supervisors or senior management members had held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the Latest Practicable Date.

As of the Latest Practicable Date and save as disclosed above, (i) none of our Directors, Supervisors or members of the senior management of our Company was related to any other Directors, Supervisors and members of the senior management, and (ii) there was no additional matter with respect to the appointment of the Directors or Supervisors that needs to be brought to the attention of the Shareholders, and there was no additional information relating to the Directors or Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

JOINT COMPANY SECRETARIES

CHEN Qingqing (陳青青), aged 39, was appointed as one of our joint company secretaries on June 28, 2021. For details of her biography, please see "—Senior Management" above.

LAU Jeanie (劉准羽), aged 43, was appointed as a joint company secretary of our Company on June 28, 2021. Ms. Lau is an assistant vice president of Corporate Secretarial Department of SWCS Corporate Services Group (Hong Kong) Limited. She is an associate member of both The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in England and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries). She has over 15 years of experience in corporate secretarial practice. She has been providing corporate services to companies overseas and in Hong Kong. Ms. Lau had been a company secretary of various listed companies on the Main Board of the Stock Exchange over the last 10 years.

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely XIA Lijun (夏立軍), YUEN Ming Fai (袁銘輝) and ZHOU Hongbin (周宏斌). XIA Lijun (夏立軍) has been appointed as the chairman of the Audit Committee, and is our independent non-executive Director holding the appropriate professional qualifications. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Company, oversee the audit process, review and oversee the existing and potential risks of our Company and perform other duties and responsibilities as assigned by our Board.

Remuneration and Appraisal Committee

The Company established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Remuneration and Appraisal Committee consists of seven members, namely XIA Lijun (夏立軍), LIANG Guodong (梁國棟), GAO Feng, LI Bu (李布), ZHAO Hui (趙輝), DU Wei (杜威) and YUEN Ming Fai (袁銘輝). YUEN Ming Fai (袁銘輝) has been appointed as the chairman of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee are to establish and review the remuneration policy and structure for the Directors and senior management and make recommendations on employee benefit arrangement.

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of five members, namely LIU Yong (劉勇), FENG Tao (逄濤), GAO Feng, LIANG Guodong (梁國棟) and XIA Lijun (夏立軍). LIU Yong (劉勇) has been appointed as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to our Board Diversity Policy, we seek to achieve the diversity of our Board through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. In particular, our chief financial officer, who is responsible for financing activities, investor relationship, internal auditing and control and corporate governance of the Group, is female and forms part of our senior management team. Going forward, we will continue to work to enhance gender diversity of our Board. Our Board will appoint a female director within one year from the Listing Date. After the Listing, our nomination committee will monitor the implementation of our Board Diversity Policy, and will review our Board composition at least once annually taking into account our Board Diversity Policy as a whole. When making recommendation on Board appointments, our nomination committee will adhere to our Board Diversity Policy with the ultimate goal of achieving greater gender diversity to the Board. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff. As of the Latest Practicable Date, the number of female employees in our Group has accounted for approximately 49.65% in the total number of our employees.

Our Directors have a balanced mix of knowledge and skills and obtained degrees in various majors. We have four independent non-executive Directors with different industry backgrounds, representing one third of the members of our Board. Furthermore, our Board has a balanced age representation. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the Listing, our Nomination Committee will monitor the implementation of our Board Diversity Policy, review our 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 our board diversity policy on an annual basis.

CODE PROVISION C.2.1 OF THE CORPORATE GOVERNANCE CODE

In view of Dr. Liu's experience, personal profile and his roles in our Company as mentioned above and that Dr. Liu has assumed the role of general manager of our Company since our commencement of business, the Board considers it beneficial to the business prospect and operational efficiency of our Company that upon Listing, Dr. Liu acts as the chairman of the Board and continues to act as the general manager of our Company. While this will constitute a deviation from Code Provision C.2.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors; (ii) Dr. Liu and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Company are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Company in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) an employment contract, and (ii) a confidentiality and non-competition agreement with our senior management members and other key personnel. Below sets forth the key terms of these contracts we enter into with our senior management and other key personnel.

- *Term:* We normally enter into three-year employment contract with our senior management members and other key personnel.

- *No conflict:* During the term of the employment contract, unless expressly agreed by us, the employee shall not engage in any part-time job or activities that create a conflict of interest with us. If the employee breaches this provision, we may choose to terminate the employment contract and hold the employee accountable for all of the loss incurred by us as a result of the breach.

Confidentiality

- *Scope of confidential information.* The employee shall keep the following information confidential:

  1. our trade secrets, including information relating to our technology and operations;

  2. any trade secrets that the employee gains access to during his/her term of employment as a result of providing service to our customers, including customers who have already entered into a contract with us or customers with whom the contract is under negotiation, including information relating to our technology and operations;

  3. any information related to the technology transfer, technology cooperation or technology services;

- *Confidential Obligation.* The employee shall not leak, disclose, publish, announce, issue, teach, transfer or make any third party (including employees who are not privy to such trade secrets) aware of any trade secret of ours or our customers in any manner; or utilize such trade secret on his/her own or with any other third party beyond his/her scope of work.

- *Confidential Period.* The confidentiality obligation shall continue to be in effect after the departure of the employee, unless such trade secrets become public knowledge.

Non-competition Clause

- *Non-competition Obligation.* Upon termination or expiration of the employment contract, the employee shall not serve in any capacity (including as an employee, consultant, director or agent) at any company which may compete with us or conducts research, manufacturing or commercialization of any similar product.

- *Term and Scope.* The non-competition obligation is effective globally for two years upon termination or expiration of the employment contract.

- *Non-competition Compensation.* We shall pay the employee a percentage of their monthly average salary in the 12 months immediately preceding the termination or expiration of the employment contract for every month during the non-competition period.

DIRECTORS' AND SUPERVISORS' REMUNERATION

Our Directors, Supervisors and senior management members who receive remuneration from our Company are paid in forms of salaries, allowances, discretionary bonuses and other benefits in kind. The remuneration of our Directors, Supervisors and senior management members is determined with reference to their experience, duties and performance and the salaries of comparable companies.

The aggregate amount of fees, salaries, allowances and retirement benefit scheme contributions we paid to our Directors in respect of the financial years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021 was approximately RMB2.0 million, RMB3.5 million and RMB90.3 million, respectively. The significant increase in the aggregate amount of fees, salaries, allowances and retirement benefit scheme contributions the Company paid to its Directors for the two years ended December 31, 2020 to the nine months ended September 30, 2021 is primarily attributable to the increased share-based compensation recognized in the first half of 2021 to our Directors, performance related bonuses to our Directors and the increase number of our Directors. Further information on the remuneration of each Director during the Track Record Period is set out in note 8 in the Accountants' Report set out in Appendix 1 to the Prospectus.

The aggregate amount of fees, salaries, allowances and retirement benefit scheme contributions we paid to our Supervisors in respect of the financial years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021 was approximately RMB0.6 million, RMB1.0 million and RMB1.6 million, respectively. Further information on the remuneration of each Supervisors during the Track Record Period is set out in note 8 in the Accountants' Report set out in Appendix I to this prospectus.

Under the arrangements currently in force, the aggregate amount of remuneration consisting of fees, salaries, allowances and retirement benefit scheme contributions (excluding any discretionary bonus which may be paid) payable by our Company to our Directors and Supervisors for the financial year ending December 31, 2022 is expected to be approximately RMB10.5 million. The increase in the remuneration payable to our Directors and Supervisors for the year ending December 31, 2021 as compared to that of the financial years ended December 31, 2019 and 2020 is primarily attributable to the increased share-based compensation and the share-based compensation expenses recognized in the first half of 2021 to our Directors and Supervisors.

For the financial years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, the five highest paid individuals of our Company included two, three and three Directors, and the aggregate amount of fees, salaries, allowances and retirement benefits scheme contributions we paid to the highest paid individuals who are neither Directors nor chief executives of our Company were approximately RMB2.9 million, RMB1.5 million and RMB12.6 million, respectively.

During the Track Record Period, no remuneration was paid to the five highest paid individuals of our Company as an inducement to join or upon joining our Company. No compensation was paid or payable to such individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Company.

COMPLIANCE ADVISOR

We have appointed Soochow Securities International Capital Limited as our compliance advisor (the "**Compliance Advisor**") upon the Listing of our Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will provide advice when consulted by our Company in relation to the followings:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;
- where we procure to use the proceeds from the Global Offering in a manner different from that detailed in the Prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in the Prospectus; and
- where the Stock Exchange makes an inquiry to our Company regarding unusual movement in the price or trading volume of the Shares of our Company, the possible development of a false market in the securities of our Company or any other matters.

The term of the appointment of our Compliance Advisor shall commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules when our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date and this appointment may be subject to extension by mutual agreement.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, except as otherwise disclosed in this prospectus, he/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 and independent 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 and independent non-executive Directors are neither our controlling shareholders nor members of our executive management team, we believe that their interests in such companies as directors would not render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

As of the Latest Practicable Date, our Company's registered capital was RMB448,250,000, divided into 377,322,880 Domestic Shares and 70,927,120 Unlisted Foreign Shares with a nominal value of RMB1.00 each.

Immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
Domestic Shares	377,322,880	78.76%
Unlisted Foreign Shares[(1)]	12,000,000	2.50%
H Shares converted from Unlisted Foreign Shares[(2)]	58,927,120	12.30%
H Shares issued under the Global Offering	30,854,500	6.44%
Total	479,104,500	100%

Immediately following completion of the Global Offering, assuming the Over-allotment Option is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
Domestic Shares	377,322,880	78.00%
Unlisted Foreign Shares[(1)]	12,000,000	2.48%
H Shares converted from Unlisted Foreign Shares[(2)]	58,927,120	12.18%
H Shares issued under the Global Offering	35,482,500	7.34%
Total	483,732,500	100%

Notes:

(1) The Unlisted Foreign Shares of our Company refer to 12,000,000 Shares held by Springleaf Investments Pte. Ltd., which will not be converted into H shares and listed following the completion of the Global Offering.

(2) Following the completion of the Global Offering and according to the approvals issued by the CSRC on October 9, 2021, 58,927,120 Unlisted Foreign Shares held by our 9 existing Shareholders will be converted into H Shares on a one-for-one basis and listed on Stock Exchange for trading. Details are set out below:

Shareholder	Number of Unlisted Foreign Shares to be Converted to H Shares
Healthy Prestige Limited	4,956,380
Union Season Holdings Limited	965,000
LYFE Niagara River Limited	18,151,700
SCC Growth VI Holdco C (HK) Limited	11,904,040
Hengcui Investment LPF	1,600,000
LBC Sunshine Healthcare Fund II L.P.	11,300,000
Sparking Key Limited	3,850,000
The Valliance Fund	3,200,000
Sage Partners Alpha 1 L.P.	3,000,000

SHARE CLASSES

Upon completion of the Global Offering, we would have two classes of Shares: H Shares as one class and Domestic Shares and Unlisted Foreign Shares together as another class. Domestic Shares, Unlisted Foreign Shares and H Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai – Hong Kong Stock Connect or the Shenzhen – Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

The differences between the two classes of shares and provisions on class rights, the dispatch of notices and financial reports to Shareholders, registration of Shares on different registers of Shareholders, the method of share transfer and appointment of dividend receiving agents are set out in the Articles of Association and summarized in "Appendix VI—Summary of the Articles of Association." The rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders and by the holders of Shares of that class at a separate meeting. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class are listed in "Appendix VI—Summary of the Articles of Association."

Except for the differences above, Domestic Shares, Unlisted Foreign Shares and H Shares will however rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR DOMESTIC SHARES AND UNLISTED FOREIGN SHARES INTO H SHARES

Our Domestic Shares and Unlisted Foreign Shares are not listed or traded on any stock exchange. The holders of our Domestic Shares and Unlisted Foreign Shares may convert their Shares into H Shares provided such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and have been approved by the securities regulatory authorities of the State Council, including the CSRC. The listing of such converted Shares on the Stock Exchange will also require the approval of the Stock Exchange.

Based on the procedures for the conversion of our Domestic Shares and Unlisted Foreign Shares into H Shares as disclosed in this section, we can apply for the listing of all or any portion of our Domestic Shares and Unlisted Foreign Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it will not require such prior application for listing at the time of our initial listing in Hong Kong.

No class Shareholder voting is required for the listing and trading of the converted Shares on the Stock Exchange. Any application for listing of the converted Shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Domestic Shares and Unlisted Foreign Shares will be withdrawn from the Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be on the condition that (a) our H Share Registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Stock Exchange will comply with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

So far as we are aware, save as disclosed in this prospectus, none of our Shareholders currently proposes to convert any of their Domestic Shares or Unlisted Foreign Shares into H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

The PRC Company Law provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and shall not be transferred for a period of one year from the Listing Date.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, our Company is required to register and deposit our Shares that are not listed on the overseas stock exchange with the China Securities Depository and Clearing Corporation Limited within 15 Business Days upon the Listing and provide a written report to the CSRC regarding the centralized registration and deposit of our Shares that are not listed on the overseas stock exchange as well as the offering and listing of our H Shares.

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the following persons are expected to have an interest and/or short positions in the 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 are, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

LONG POSITIONS IN THE SHARES OF OUR COMPANY

		As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming Over-allotment Option is not exercised)		
Name of substantial shareholder	**Nature of Interest**	**Number and class of Shares**	**Approximate percentage of interest in our Company**	**Number and class of Shares**	**Approximate percentage of interest in our Company**	**Approximate percentage of interest in the relevant class of Shares of our Company**
Dr. Liu	Beneficial owner	258,590 Domestic Shares	0.06%	258,590 Domestic Shares	0.05%	0.07% *(Domestic Shares and Unlisted Foreign Shares)*
	Interest in controlled corporations[(1)]	96,682,850 Domestic Shares	21.57%	96,682,850 Domestic Shares	20.18%	24.83% *(Domestic Shares and Unlisted Foreign Shares)*
Taizhou Yuangong[(2)]	Beneficial owner	82,863,620 Domestic Shares	18.49%	82,863,620 Domestic Shares	17.30%	21.28% *(Domestic Shares and Unlisted Foreign Shares)*
Junlian Shengyuan[(3)]	Beneficial owner	28,339,420 Domestic Shares	6.32%	28,339,420 Domestic Shares	5.92%	7.28% *(Domestic Shares and Unlisted Foreign Shares)*
Legend Capital[(4)]	Interest in controlled corporations	41,861,020 Domestic Shares 5,921,380 Unlisted Foreign Shares	10.66%	41,861,020 Domestic Shares 5,921,380 H Shares	9.97%	10.75% *(Domestic Shares and Unlisted Foreign Shares)* 6.60% *(H Shares)*

		As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming Over-allotment Option is not exercised)		
Name of substantial shareholder	**Nature of Interest**	**Number and class of Shares**	**Approximate percentage of interest in our Company**	**Number and class of Shares**	**Approximate percentage of interest in our Company**	**Approximate percentage of interest in the relevant class of Shares of our Company**
Shanghai Chaorui[5]	Beneficial owner	37,390,030 Domestic Shares	8.34%	37,390,030 Domestic Shares	7.80%	9.60% *(Domestic Shares and Unlisted Foreign Shares)*
LYFE Niagara River Limited[6]	Beneficial owner	18,151,700 Unlisted Foreign Shares	4.05%	18,151,700 H Shares	3.79%	20.22% *(H Shares)*
LYFE Capital Fund III (Dragon), L.P.[6]	Interest in a controlled corporation	18,151,700 Unlisted Foreign Shares	4.05%	18,151,700 H Shares	3.79%	20.22% *(H Shares)*
ZHAO Jin[6]	Interest in controlled corporations	18,151,700 Unlisted Foreign Shares 16,348,140 Domestic Shares	7.70%	18,151,700 H Shares 16,348,140 Domestic Shares	7.20%	20.22% *(H Shares)* 4.20% *(Domestic Shares and Unlisted Foreign Shares)*
Oriental Fortune Capital[7]	Interest in controlled corporations	33,286,040 Domestic Shares	7.43%	33,286,040 Domestic Shares	6.95%	8.55% *(Domestic Shares and Unlisted Foreign Shares)*
Fer-Capital[8]	Interest in controlled corporations	27,203,740 Domestic Shares	6.07%	27,203,740 Domestic Shares	5.68%	6.99% *(Domestic Shares and Unlisted Foreign Shares)*
FENG Tao[8]	Interest in controlled corporations	27,203,740 Domestic Shares	6.07%	27,203,740 Domestic Shares	5.68%	6.99% *(Domestic Shares and Unlisted Foreign Shares)*

		As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming Over-allotment Option is not exercised)		
Name of substantial shareholder	**Nature of Interest**	**Number and class of Shares**	**Approximate percentage of interest in our Company**	**Number and class of Shares**	**Approximate percentage of interest in our Company**	**Approximate percentage of interest in the relevant class of Shares of our Company**
SCC Growth VI Holdco C (HK) Limited[9]	Beneficial owner	11,904,040 Unlisted Foreign Shares	2.66%	11,904,040 H Shares	2.48%	13.26% *(H Shares)*
Nanjing Zhaoyin Modern Industry No. II Equity Investment Fund (Limited Partnership)[10]	Beneficial owner	20,446,160 Domestic shares	4.56%	20,446,160 Domestic shares	4.27%	5.25% *(Domestic shares and Unlisted Foreign Shares)*
CMB Financial Holdings (Shenzhen) Co., Ltd.[10]	Interest in controlled corporations	22,907,700 Domestic Shares	5.11%	22,907,700 Domestic Shares	4.78%	5.88% *(Domestic Shares and Unlisted Foreign Shares)*
CMB International Capital Corporation Limited[10]	Interest in controlled corporations	22,907,700 Domestic Shares	5.11%	22,907,700 Domestic Shares	4.78%	5.88% *(Domestic Shares and Unlisted Foreign Shares)*
CMB International Capital Holdings Corporation Limited[10]	Interest in controlled corporations	22,907,700 Domestic Shares	5.11%	22,907,700 Domestic Shares	4.78%	5.88% *(Domestic Shares and Unlisted Foreign Shares)*
China Merchants Bank Co., Ltd.[10]	Interest in controlled corporations	22,907,700 Domestic Shares	5.11%	22,907,700 Domestic Shares	4.78%	5.88% *(Domestic Shares and Unlisted Foreign Shares)*
LBC Sunshine Healthcare Fund II L.P. [11]	Beneficial owner	11,300,000 Unlisted Foreign Shares	2.52%	11,300,000 H Shares	2.36%	12.59% *(H Shares)*
Yangtze River (Hong Kong) Limited[12]	Beneficial owner	–	–	12,618,500 H Shares	2.63%	14.05% *(H Shares)*

Notes:

(1) As of the Latest Practicable Date, Dr. Liu is the general partner of each of Taizhou Yuangong, Taizhou Baibei, Taizhou Guquan and Lianyungang Ruibaitai and interested in an aggregate of 96,682,850 Domestic Shares held by these four entities. Therefore, Dr. Liu is deemed to be interested in the Shares held by each of Taizhou Yuangong, Taizhou Baibei, Taizhou Guquan and Lianyungang Ruibaitai under the SFO.

(2) As of the Latest Practicable Date, Taizhou Yuangong was owned as to 0.0001% by Dr. Liu as general partner.

(3) As of the Latest Practicable Date, the general partner of Junlian Shengyuan was Lhasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司), which was wholly owned by Legend Capital Co., Ltd. (君聯資本管理股份有限公司) ("**Legend Capital**"), and in turn held as to 80% by Beijing Juncheng Hezhong Investment Management Partnership (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) and 20% by Legend Holdings Corporation (stock code: 3396). The general partner of Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) is Beijing Junqi Jiarui Business Management Limited (北京君祺嘉睿企業管理有限公司). Therefore, each of Legend Capital, Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) and Beijing Junqi Jiarui Business Management Limited (北京君祺嘉睿企業管理有限公司) was deemed to be interested in the Shares held by Junlian Shengyuan under the SFO.

(4) As at the Latest Practicable Date, Legend Capital was interested in an aggregate of 41,861,020 Domestic Shares and 5,921,380 Unlisted Foreign Shares held by Healthy Prestige Limited, Union Season Holdings Limited, Junlian Shengyuan and Junlian Yongshuo. Healthy Prestige Limited was wholly owned by LC Healthcare Fund II., L.P., which is managed by Legend Capital. Union Season Holdings Limited was wholly owned by Legend Capital. Junlian Shengyuan and Junlian Yongshuo were managed by Legend Capital. Therefore, Legend Capital was deemed to be interested in the Shares held by each of Healthy Prestige Limited, Union Season Holdings Limited, Junlian Shengyuan and Junlian Yongshuo under the SFO.

(5) As of the Latest Practicable Date, Shanghai Chaorui Medical Technology Partnership (Limited Partnership) (上海超瑞醫藥科技合夥企業(有限合夥)) ("**Shanghai Chaorui**") was owned as to approximately 10.48% by YU Yue (于躍) as the general partner and 36.56% by LIU Hongyan (劉紅岩) as a limited partner. Therefore, each of YU Yue (于躍) and LIU Hongyan (劉紅岩) was deemed to be interested in the Shares held by Shanghai Chaorui under the SFO.

(6) As of the Latest Practicable Date, LYFE Niagara River Limited, Shanghai Jiyue Enterprise Management Partnership (Limited Partnership) (上海濟玥企業管理合夥企業(有限合夥)) ("**Shanghai Jiyue**") and Shanghai Jixuan Enterprise Management Partnership (Limited Partnership) (上海濟軒企業管理合夥企業(有限合夥)) ("**Shanghai Jixuan**") held 18,151,700 Unlisted Foreign Shares, 8,318,800 Domestic Shares and 8,029,340 Domestic Shares, respectively. LYFE Niagara River Limited is controlled by LYFE Capital Fund III (Dragon), L.P., which is in turn controlled by ZHAO Jin (趙晉). Therefore, each of LYFE Capital Fund III (Dragon), L.P. and ZHAO Jin (趙晉) was deemed to be interested in the Shares held by LYFE Niagara River Limited under the SFO.

Shanghai Jiyue and Shanghai Jixuan were managed by LYFE Capital Investment Management (Shanghai) Co., Ltd. (洲嶺私募基金管理(上海)有限公司), which was in turn controlled by ZHAO Jin (趙晉). Therefore, each of ZHAO Jin (趙晉) and LYFE Capital Investment Management (Shanghai) Co., Ltd. (洲嶺私募基金管理(上海)有限公司) was deemed to be interested in the Shares held by Shanghai Jiyue and Shanghai Jixuan under the SFO.

(7) As of the Latest Practicable Date, Shenzhen Oriental Fortune Capital Investment Co., Ltd. (深圳市東方富海投資管理股份有限公司) ("**Oriental Fortune Capital**") was interested in an aggregate of 33,286,040 Domestic Shares through six entities, including (i) Shenzhen Fuhai Juanyong II Venture Capital Enterprise (Limited Partnership) (深圳富海雋永二號創業投資企業(有限合夥)) (the general partner is Shenzhen Oriental Fortune Venture Capital Investment Co., Ltd. (深圳市東方富海創業投資管理有限公司), which was in turn wholly owned by Oriental Fortune Capital), (ii) Shenzhen Fuhai Junyong III Venture Capital Enterprise (Limited Partnership) (深圳富海雋永三號創業投資企業(有限合夥)) (the general partner is Shenzhen Oriental Fortune Venture Capital Investment Co., Ltd., which was in turn wholly owned by Oriental Fortune Capital), (iii) Shenzhen Nanshan OFC Small and Medium Venture Capital Investment Fund Partnership (Limited Partnership) (深圳南山東方富海中小微創業投資基金合夥企業(有限合夥)) (the general partner is Shenzhen Oriental Fortune Venture Capital Investment Co., Ltd. (深圳市東方富海創業投資管理有限公司), which was in

turn managed by Oriental Fortune Capital), (iv) Shenzhen Fuhai Xincai Phase II Venture Capital Investment Fund Partnership (Limited Partnership) (深圳市富海新材二期創業投資基金合夥企業(有限合夥)) (the general partner is Shenzhen Fuhai Xinwan Equity Investment Fund Management Enterprise (Limited Partnership) (深圳市富海鑫灣股權投資基金管理企業(有限合夥)), which was in turn managed by Oriental Fortune Capital), (v) Shenzhen Fuhai Youxuan II High Technology Venture Capital Investment Partnership (Limited Partnership) (深圳市富海優選二號高科技創業投資合夥企業(有限合夥)) (the general partner is Shenzhen Oriental Fortune Venture Capital Investment Co., Ltd., which was in turn managed by Oriental Fortune Capital), and (vi) Shenzhen Qianhai Kekong Fuhai Youxuan Venture Capital Investment Partnership (Limited Partnership) (深圳市前海科控富海優選創業投資合夥企業(有限合夥)) (the general partner is Shenzhen Qianhai Kekong Gangshen Venture Investment Co., Ltd (深圳市前海科控港深創業投資有限公司), which was in turn owned as to 50% by Oriental Fortune Capital). Therefore, Oriental Fortune Capital was deemed to be interested in the Shares held by above six entities under the SFO.

(8) As of the Latest Practicable Date, Shenzhen Fer-Capital Investment Management Co., Ltd. (深圳前海沃盈投資管理有限公司) ("**Fer-Capital**") was the general partner of each of Shenzhen Yingkejin, Woyang Health, Woyang Phase II and Shenzhen Luewei. Fer-Capital is held by FENG Tao (逄濤), our non-executive Director, as to an aggregate of approximately 42.8% (comprising 32.80% of his direct equity interests, and as a general partner of Shenzhen Huizhi Gongying Enterprise Management Partnership (Limited Partnership) (深圳市匯智共盈企業管理合夥企業(有限合夥)) holding 10% equity interests), and 33.60% by CHEN Erjia (陳爾佳). Therefore, each of FENG Tao, CHEN Erjia and Fer-Capital was deemed to be interested in the Shares held by Shenzhen Yingkejin, Woyang Health, Woyang Phase II and Shenzhen Luewei under the SFO.

(9) As of the Latest Practicable Date, SCC Growth VI Holdco C (HK) Limited is wholly owned by Sequoia Capital China Growth Fund VI, L.P. ("**Sequoia Capital China GVI Fund**"). The general partner of Sequoia Capital China GVI Fund is SC China Growth VI Management, L.P., whose general partner is SC China Holding Limited, a wholly-owned subsidiary of SNP China Enterprises Limited. Neil Nanpeng Shen is the sole shareholder of SNP China Enterprises Limited. Therefore, each of Sequoia Capital China GVI Fund, SC China Growth VI Management, L.P., SC China Holding Limited, SNP China Enterprises Limited and Neil Nanpeng Shen is deemed to be interested in the Shares held by SCC Growth VI Holdco C (HK) Limited under the SFO.

In addition, SCC Growth VI Holdco C (HK) Limited and SCHP Master Fund are also deemed to be interested in the 945,500 Shares subscribed by them through the cornerstone investment. The relevant Shares calculated herein are based on (a) an exchange rate of HK$7.82367 to US$1.00; and (b) the Offer Price of HK$24.80 per H Share, and subject to the rounding down to the nearest whole board lot of 500 H Shares. For details, please see "Cornerstone Placing" of this prospectus.

(10) As of the Latest Practicable Date, Zhaoyin Modern, Nanjing Zhenyuan and Nanjing Zhaoyin Gongying, which are managed by Jiangsu Zhaoyin Industrial Fund Management Co., Ltd., a wholly-owned subsidiary of CMB International Capital Management (Shenzhen) Ltd., which is in turn a wholly-owned subsidiary of CMB Financial Holdings (Shenzhen) Co., Ltd.. CMB Financial Holdings (Shenzhen) Co., Ltd. is wholly-owned by CMB International Capital Corporation Limited, which is held as to 83.2% by CMB International Capital Holdings Corporation Limited. CMB International Capital Holdings Corporation Limited is wholly-owned by China Merchants Bank Co., Ltd., a company listed on the Stock Exchange (stock code: 03968) and Shanghai Stock Exchange (stock code: 600036).

Therefore, each of China Merchants Bank Co., Ltd.,CMB International Capital Holdings Corporation Limited, CMB International Capital Corporation Limited and CMB Financial Holdings (Shenzhen) Co., Ltd. is deemed to be interested in the Shares held by each of Zhaoyin Modern, Nanjing Zhenyuan and Nanjing Zhaoyin Gongyin under the SFO.

(11) As of the Latest Practicable Date, LBC Sunshine Healthcare Fund II L.P. was managed by Lake Bleu Capital (Hong Kong) Limited, which was controlled by Mr. LI Bin (李彬). Therefore, each of Lake Bleu Capital (Hong Kong) Limited and Mr. LI Bin (李彬) was deemed to be interested in the Shares held by LBC Sunshine II under the SFO.

(12) Yangtze River (Hong Kong) Limited is a cornerstone investor of the Company and has agreed to invest US$40 million to subscribe for the Offer Shares. The relevant Shares calculated herein are based on (a) an exchange rate of HK$7.82367 to US$1.00; and (b) the Offer Price of HK$24.80 per H Share, and subject to the rounding down to the nearest whole board lot of 500 H Shares. For details, please see "Cornerstone Placing" of this prospectus.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have any interest and/or short positions in the 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 are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

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 H Shares) that may be purchased for an aggregate amount of US$53.0 million (or approximately HK$414.65 million) (calculated based on the conversion rate of US$1.00 to HK$7.82367) (the "**Cornerstone Placing**").

The total number of Offer Shares to be subscribed by the Cornerstone Investors at the Offer Price of HK$24.80 would be 16,718,500 Offer Shares, representing approximately 54.18% of the Offer Shares pursuant to the Global Offering, approximately 18.62% of the H Shares in issue upon completion of the Global Offering and approximately 3.49% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, in particular in the healthcare sectors, the Cornerstone Placing will help raise the profile of our Company and to signify that such investors have confidence in our business and prospects. Sequoia Capital China Growth and SCHP (as defined below), existing Shareholder of the Company and its close associate, acquainted with the Company during the Pre-IPO Investment, and Yangtze HK (as defined as below) acquainted with the Company through normal business activities. Our Company became acquainted with Harvest (as defined below) through introduction by certain Underwriter in the Global Offering.

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investors will not subscribe for 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 respects with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules, and will not be counted towards the public float of our Company 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 become a substantial shareholder of our Company. The Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders.

Sequoia Capital China Growth and SCHP are existing Shareholder of the Company and its close associate. They have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5.2 of the Stock Exchange Guidance Letter HKEX-GL92-18 (issued in April 2018 and updated in October 2019 and April 2020) under 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 granted by the Stock Exchange.

Save as disclosed above, to the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party; (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, its subsidiaries, the Directors, Supervisors, chief executive, substantial Shareholders, existing Shareholders (other than the Cornerstone Investors which are existing Shareholders or their close associates as described above) or their respective close associates in relation to the acquisition, disposal, voting or other disposition of H Shares registered in its name or otherwise held by it; and (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, Supervisors, chief executive, substantial Shareholders, existing Shareholders (other than the Cornerstone Investors which are existing Shareholders or their close associates as described above) or any of its subsidiaries or their respective close associates. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment as each of them has general authority to invest.

As confirmed by each of the Cornerstone Investors, their subscription under the Cornerstone Placing will be financed by their own internal resources. None of the Cornerstone Investors or their controlling entity is listed on any stock exchange. There are no side arrangements or agreements between our Group 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, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation in the event of over-subscription under the Hong Kong Public Offering. If the total demand for Shares in the Hong Kong Public Offering falls within the circumstances as set out in the section headed "Structure and Conditions of the Global Offering – The Hong Kong Public Offering – Reallocation and Clawback" in the prospectus, the number of Offer Shares to be acquired by each Cornerstone Investors may be reduced on a *pro rata* basis in accordance with the terms of the Cornerstone Investment Agreement to satisfy the short fall, after taking into account the requirements under Appendix 6 to the Listing Rules as well as the discretion of the Stabilizing Manager (for themselves and on behalf of the International Underwriters) to exercise the Over-allotment Option. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around March 30, 2022.

Certain Cornerstone Investors, namely Yangtze HK and Harvest, have agreed that the Joint Global Coordinators may defer the delivery of all or any part of the Offer Shares they have subscribed for to a date later than the Listing Date. The deferred delivery arrangement was in place to facilitate the over-allocation in the International Offering. Each Cornerstone Investors has agreed that it shall pay the relevant Offer Shares on or before dealings in H Shares commences on the Listing Date. There will be no delayed settlement of payment for the Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements. For details of the Over-allotment Option and the stabilization action by the Stabilizing Manager, please refer to the sections headed "Structure and Conditions of the Global Offering – The International Offering – Over-allotment Option" and "Structure and Conditions of the Global Offering – Stabilization" in this prospectus, respectively.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Placing.

Yangtze HK

Yangtze River (Hong Kong) Limited ("**Yangtze HK**") is a company incorporated in Hong Kong and a close associate of Yangtze River Pharmaceutical (Group) Co., Ltd. (揚子江藥業集團有限公司) ("**Yangtze River**"). Mr. Xu Haoyu (徐浩宇) ("**Mr. Xu**"), the chairman of the board of director of Yangtze River, is also the director of Yangtze HK. As the heir of Mr. Xu Jingren (徐鏡人), Mr. Xu also beneficially controls Yangtze HK as to 90% and Yangtze River as to 51%, respectively. Founded in 1971, Yangtze River is a Chinese pharmaceutical company headquartered in Taizhou City, Jiangsu Province, the PRC with over 20 subsidiaries and over 16,000 employees. Yangtze River devotes itself to offer medical products and services of high quality and efficacy to the society. Since 2005, Yangtze River has won the first prizes of QC achievements in China pharmaceutical industry for 17 consecutive years, and in recent years, Yangtze River won 24 Gold Awards of International Convention on Quality Control Circles (ICQCC) in total. It also two times achieved the double winners of China Brand Evaluation in medical health field for both Brand Power and Brand Value.

Yangtze River and the Company entered into a framework strategic cooperation agreement, pursuant to which both parties agreed to cooperate in product development and registration, clinical research, global business expansion, marketing and capital operation, and specific cooperation matters will be further discussed and determined by separate agreement.

Harvest

Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest High Yield SP ("**Harvest**") is a fund established in March 2022. Harvest International Premium Value (Secondary Market) Fund SPC is a segregated portfolio company established in the Cayman Islands and is an Independent Third Party. 91% of the management shares of Harvest International Premium Value (Secondary Market) Fund SPC are held by Harvest Global Investments Limited ("**HGI**") and 9% of the management shares are held by Harvest Global Capital Investments Limited ("**HGCI**"). Incorporated in Hong Kong in 2008, HGI is a wholly-owned subsidiary of Harvest Fund Management Co., Ltd ("**HFM**"). HFM is one of the first ten public fund management companies approved to be established within China. HGCI is a company incorporated in Hong Kong in 2011 and licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in Hong Kong by the SFC. HGCI is principally engaged in asset management and investment advisory business. The participating shareholder of Harvest High Yield SP is ASIA PACIFIC INTERNATIONAL WEALTH MANAGEMENT COMPANY LIMITED ("**APIWMCL**"), and the ultimate beneficial owner of APIWMCL is Wu Dan, an Independent Third Party.

SCHP and Sequoia Capital China Growth

SCHP Master Fund ("**SCHP**") is an exempted company incorporated with limited liability under the laws of the Cayman Islands, which is managed by SCHP Management Limited as investment manager, which is in turn wholly-owned by SCHP Management Holding Limited. SCHP Master Fund is an investment fund whose primary purpose is to make China-related public equity investments in healthcare sector. SCHP Management Limited was incorporated under the laws of Hong Kong in 2021.

SCC Growth VI Holdco C (HK) Limited ("**Sequoia Capital China Growth**") is incorporated in Hong Kong with limited liability, which is wholly owned by Sequoia Capital China Growth Fund VI, L.P. ("**Sequoia Capital China GVI Fund**"). Sequoia Capital China GVI Fund is an investment fund whose primary purpose is to make equity investments in private companies. The general partner of Sequoia Capital China GVI Fund is SC China Growth VI Management, L.P., whose general partner is SC China Holding Limited, a wholly-owned subsidiary of SNP China Enterprises Limited. Neil Nanpeng Shen is the sole shareholder of SNP China Enterprises Limited. As of July 2021, Sequoia Capital China Growth has managed US$20 million of assets. Sequoia Capital China Growth is an existing Shareholder of our Company. As of the Latest Practicable Date, Sequoia Capital China Growth held 11,904,040 Shares in our Company, representing approximately 2.66% of the number of issued Shares of the Company immediately prior to the Global Offering.

The table below sets forth details of the Cornerstone Placing:

Based on the Offer Price of HK$24.80

			Assuming the Over-allotment Option is not exercised			Assuming the Over-allotment Option is fully exercised		
Cornerstone Investor	Investment Amount	Number of Offer Shares to be acquired[1]	Approximate % of the Offer Shares	Approximate % of the H Shares in issue	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of the H Shares in issue	Approximate % of ownership
Yangtze HK	US$40 million	12,618,500	40.90%	14.05%	2.63%	35.56%	13.37%	2.61%
Harvest	US$10 million	3,154,500	10.22%	3.51%	0.66%	8.89%	3.34%	0.65%
SCHP	US$2 million	630,500	2.04%	0.70%	0.13%	1.78%	0.67%	0.13%
Sequoia Capital China Growth	US$1 million	315,000	1.02%	0.35%	0.07%	0.89%	0.33%	0.07%
Total	US$53 million	16,718,500	54.18%	18.62%	3.49%	47.12%	17.71%	3.46%

Note:

(1) Subject to rounding down to the nearest whole board lot of 500 H Shares.

CLOSING CONDITIONS

The obligation of each of the Cornerstone Investors to acquire the Offer Shares under the 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 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 Hong Kong Underwriting Agreement and the International Underwriting Agreement;

(ii) neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the H Shares (including the H 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 H Shares on the Stock Exchange;

(iv) the Offer Price having been agreed according to the Hong Kong Underwriting Agreement, the International Underwriting Agreement and the Price Determination Agreement to be signed among the parties to such agreements in connection with the Global Offering;

(v) no laws shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in Hong Kong Public Offering, the International 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

(vi) the respective representations, warranties, acknowledgements, undertakings and confirmations of the Cornerstone Investors under the Cornerstone Investment Agreements are and will be (as of the closing of the Cornerstone Investment Agreements) 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 the Cornerstone Investors.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors 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 the relevant Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

You should read the following discussion and analysis in conjunction with our audited consolidated financial statements included in "Appendix I – Accountants' Report" to this prospectus, together with the accompanying notes. 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. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, see "Forward-looking Statements" and "Risk Factors."

OVERVIEW

We are a vaccine company with a high-value vaccine portfolio driven by in-house developed novel adjuvant and protein engineering technology. We primarily focus on the R&D of HPV vaccine candidates. Our vaccine portfolio consists of 12 subunit vaccines, including our Core Product, REC603, which is currently under phase III clinical trial. We are also conducting clinical trials for two recombinant HPV bivalent vaccines, REC601 and REC602 in China and ReCOV in New Zealand. We are led by a core scientific team with over 20 years of experience in the research, development and commercialization of subunit vaccines, including working experience at China CDC.

We have made every effort to ensure the development and advancement of our vaccine candidates towards commercialization, despite not yet successfully advancing any vaccine candidates to commercial sale. We have incurred significant expenses related to the research and development of our vaccine candidates. For the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, our research and development costs amounted to RMB63.3 million, RMB130.5 million and RMB371.8 million, respectively.

We expect to continue to incur net losses in the near future as we further our research and development efforts, continue the development of, seek regulatory approval for, and commercialize our vaccine candidates. With our integrated capabilities from development to manufacture and commercialization, we believe we are well positioned towards the commercialization of our best-in-class high-value vaccine candidates in the near future.

BASIS OF PREPARATION AND PRESENTATION

Our Company was established in China as a limited liability company in May 2012 and converted into a joint stock company with limited liability on May 25, 2021. For details, see "History, Development and Corporate Structure." In January 2019, we acquired Beijing ABZYMO, pursuant to which Beijing ABZYMO became our Company's wholly owned subsidiary. The consolidated financial statements include the financial statements of the subsidiary over which our Group obtain control during the Track Record Period. The financial statements of our subsidiary are prepared for the same Track Record Period as our Company adopting consistent accounting policies. The results of the subsidiary are consolidated from the date on which our Group obtains control, and continue to be consolidated until the date that such control ceases. Business combinations are accounted for using the acquisition method.

Our consolidated financial information has been prepared in accordance with all applicable IFRSs, which has been prepared under the historical cost convention, except for financial assets at fair value through profit and loss ("FVTPL") which have been measured at fair value.

Under the applicable accounting standards, Beijing ABZYMO is regarded as acquirer even if the Company transfers the cash consideration for the following reasons:

The overall business combination of Beijing ABZYMO and us during 2018 and 2019 was a linked transaction. For further details, see "History, Development and Corporate Structure."

As of the completion date of the business combination of the Company and Beijing ABZYMO on January 8, 2019, the former owners of Beijing ABZYMO had 68.92% equity interests in the Company. According to the Company's Article of Association, the shareholders' general meeting is the highest decision-making authority. Shareholders shall exercise their voting rights at the shareholders' general meeting in proportion to their capital contributions. As the former owners of Beijing ABZYMO held 68.92% equity interests of the Company at the acquisition date, they could make decisions on major matters of the Company. Therefore, the former owners of Beijing ABZYMO obtained the control of the Company at the acquisition date.

According to IFRS 3 Business Combinations, paragraph B13, "*the guidance in IFRS 10 Consolidated Financial Statements shall be used to identify the acquirer—the entity that obtains control of the acquiree*." As the former owners of Beijing ABZYMO obtained more than half of the equity interests in the Company and obtained the control of the Company as at completion of the business combination, the acquirer of this transaction from the accounting perspective was Beijing ABZYMO, though the acquirer was the Company from the legal perspective.

In addition, the transaction was accounted for as a reverse acquisition considering former owners of Beijing ABZYMO as a group acquired the largest portion of the voting rights in the Group. Even though the acquisition made by the Company to acquire the entire equity interests

in Beijing ABZYMO was with an aggregate consideration of RMB11,033,000, the funds were coming through the capital injection as part of the business combination. Considering all steps of the business combination, the overall transaction could be regarded as the Company issuing its equity interests to acquire 100% interests of Beijing ABZYMO. According to IFRS 3, paragraph B19, "*a reverse acquisition occurs when the entity that issues securities (the legal acquirer) is identified as the acquiree for accounting purposes. The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition*." Therefore, the Company was justified as the accounting acquiree (the legal acquirer) who issued equity interests and Beijing ABZYMO was justified as the accounting acquirer (the legal acquiree) whose equity interests were acquired.

Moreover, this is also supported by paragraph BC95 of IFRS 3, which states that "*determining which of the combining entities has, as a consequence of the combination, the power to govern the financial and operating policies of the other so as to obtain benefits from its activities is fundamental to identifying the acquirer, regardless of the form of the consideration*." As stated above, upon completion of the reverse acquisition, the former owners of Beijing ABZYMO held 68.92% equity interests of the Company and obtained control of the Company.

In conclusion, normally the entity transferring cash consideration is considered the accounting acquirer as stated in B14 of IFRS 3. However, despite the form of the consideration, the key determinant in identifying an accounting acquirer remains the power of one party to control the other. There is a clear evidence to show that upon completion of the transaction, the former owners of Beijing ABZYMO received the largest portion of the voting rights in the Company and the former owners of Beijing ABZYMO has rights to variable returns from its involvement with the Company and has the ability to affect the returns through its power over the Company. As advised by its Reporting Accountant, it can be justified that Beijing ABZYMO could be regarded as accounting acquirer pursuant to the applicable accounting standards.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the most significant factors affecting our results of operations, financial condition and cash flow include the following:

Growth of China's Vaccine Market

Our financial performance and future growth depend on the overall growth of China's vaccine market. Driven by novel advanced vaccine technologies and significant expansion in disease and population coverage, subunit vaccines have become crucial in propelling the overall vaccine market. China's vaccine market is expected to experience tremendous growth. According to Frost & Sullivan, it increased from RMB27.1 billion in 2016 to RMB75.3 billion in 2020 at a CAGR of 29.1% in terms of production value, and is expected to reach RMB333.3

billion in 2030 at a CAGR of 16.0% from 2020 to 2030. Driven by favorable government policies, increasing affordability and awareness of vaccines, the vaccine market of China has grown and is expected to continue to expand rapidly.

In addition to the overall growth of China's vaccine market, we have also benefited from and expect to continue benefiting from favorable industry trends such as the growing acceptance of domestic vaccine products. For details, see "Industry Overview—Overview of Vaccines—Market Drivers and Trends of China's Vaccine Market." We believe we are well positioned to grow in the large and fast-growing China's vaccine market.

Our Ability to Successfully Develop and Commercialize Our Vaccine Candidates

The continued advancement of our vaccine portfolio through clinical trials and the regulatory approval process towards commercialization is crucial to our sustained business growth. Factors including the clinical trial results of our vaccine candidates, the efficacy and safety profile of our vaccine candidates generated from our technology platforms and our ability to obtain the requisite regulatory approvals for our vaccine candidates in time, are crucial for our business and results of operations.

As of the Latest Practicable Date, our vaccine portfolio consisted of 12 innovative candidates, strategically extending to five of the ten diseases with the greatest burden under the 2019 Global Burden of Diseases assessed by DALYs issued by the WHO and covering disease areas of the three of the top five globally bestselling vaccine products. Although we currently have no vaccines approved for commercial sale and have not generated any revenue from vaccine sales, we expect to commercialize one or more of our vaccine candidates over the coming years as they move towards the late stages of clinical development. For example, from March 2019 to July 2020, we completed a randomized, double-blind and placebo-controlled phase I clinical trial for our Core Product, REC603. The clinical results have shown a favorable safety and immunogenicity profile. We initiated phase III clinical trial in China in June 2021 and we expect to submit the BLA application in China in 2025. We have obtained the major safety and immunogenicity data and the partially unblinded efficacy data from the phase I New Zealand trial for ReCOV as of the Latest Practicable Date and we are currently conducting data analysis for such trial. Based on such data from the phase I trial, we subsequently obtained the clinical trial approval from the Philippines FDA to conduct the global phase II/III trial for ReCOV in January 2022. To date, we have initiated subject enrollment for the phase II/III trial for ReCOV in the Philippines. We expect to submit EUA/BLA in 2022. We also expect to advance multiple additional vaccine candidates into the clinic in the near-term. These vaccines may require significant marketing efforts before we generate any revenue from its sales. Our results of operations will be affected by the timing of clinical trials, regulatory approval and commercial launch of these products. See "Business—Business Strategies" for more information on the development status of our various vaccine candidates.

Operating Expenses

Our business and results of operations are significantly affected by our operating expenses. Our operating expenses during the Track Record Period primarily consisted of research development costs and administrative expenses.

Research and development activities are crucial to our business. For the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, our research and development costs amounted to RMB63.3 million, RMB130.5 million and RMB371.8 million, respectively, which accounted for 41.8%, 69.1% and 68.2% of our total expenses, respectively. Our research and development costs primarily consisted of staff costs, clinical expenses, pre-IND expenses, costs of raw materials and consumables, depreciation and amortization, utilities and office expenses and consulting fees. We expect our research and development costs to increase significantly in the foreseeable future, as we move these vaccine candidates into additional or later stage clinical trials.

Our administrative expenses primarily consisted of staff costs, consulting expenses, utilities and office expenses, depreciation and amortization, tax expenses and listing expenses. For the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, our administrative expenses amounted to RMB11.8 million, RMB18.4 million and RMB117.2 million, respectively. We expect our administrative expenses, excluding the share-based compensation, to increase in the future to support our business expansion. We also anticipate increasing legal, compliance, accounting and investor relations expenses associated with being a public company.

Our Ability to Maintain Adequate Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financing and bank borrowings. Going forward, with the continuing expansion of our business and our vaccine pipeline, we may require further funding from our existing shareholders, through public or private offerings, debt financing, collaborations and licensing arrangements or other sources. In the event of successful commercialization of one or more of our vaccine candidates, we expect to fund our operations in part with revenue generated from sales of our products. Any fluctuation in our ability to fund our operations will impact our cash flow and our results of operations.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRSs requires our management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that we believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily

apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

We believe the following accounting policies are most critical to our business operations and to an understanding of our financial condition and results of operations, and reflect the more significant judgments and estimates used in the preparation of our consolidated financial statements. Our most critical accounting policies and estimates are summarized below. See notes 2 and 3 to the Accountants' Report set out in Appendix I of this prospectus for a detailed description of our significant accounting policies, estimates, assumptions and judgments which are important for understanding our financial condition and results of operations.

Significant Accounting Policies

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by our Group, liabilities assumed by our Group to the former owners of the acquiree and the equity interests issued by our Group in exchange for control of the acquiree. For each business combination, we elect whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of our Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We perform annual impairment test of goodwill as of December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of our Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Fair Value Measurement

We measure certain financial instruments at fair value at the end of each of the Track Record Period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each Track Record Period.

Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Share-based Payments

We operate a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Employees (including directors) of our Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow model, further details of which are given in note 30 to Accountants' Report in Appendix I.

Critical Estimates and Judgments

Research and Development Costs

Research and development costs incurred on our Group's vaccine product pipelines are capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and 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. Research and development costs which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. All expenses incurred for research and development activities were regarded as research expenses and therefore were expensed when incurred.

Impairment of Goodwill

We determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Goodwill acquired through business combinations is allocated to the Group as the cash-generating unit ("CGU") for impairment testing.

The recoverable amount of the cash-generating unit has been determined based on a fair value less cost of disposal ("FVLCD") method using cash flow projections which has considered the highest and best use by market participants. The cash flow projection covering a 20-year period reflects current market expectations about the Group's future amounts. Using a 20-year forecast period in the goodwill impairment test has considered the best information reasonably available that the market participants would use. It was is appropriate because it generally takes longer for a vaccine company to reach perpetual growth mode, compared to companies in other industries, especially when its products are still under clinical trial and the market of such product is at an early stage of development with substantial growth potential. As it is determined based on the FVLCD method, the maximum period of five years under value in use method in accordance with IAS36 shall not apply.

The following describes inputs that were used in the FVLCD of the cash-generating unit as of December 31, 2019 and 2020 and September 30, 2021 for its cash flow projections to undertake impairment testing of goodwill.

- Revenue – The basis used to determine the projected revenue which is based on market participant's expectation of when to launch our products and also expectation for future which market. Our Group's product candidates, HPV 9-valent vaccine and COVID-19 vaccine, are at the clinical trial stage, and the market participants expect the Group to submit the BLA application to the NMPA for HPV 9-valent vaccine in 2025 and Covid-19 vaccine in 2022. The compound growth rate of revenue was estimated based on information available at the time of assessment, disregarding information that became available after the assessment. Such information includes current industry overview and estimated market development of related products.

- Budgeted gross margins – The basis used to determine the value assigned to the projected gross margins was the average gross margins that would achieve when the product candidates are commercialized, and would be increased for expected improvements of production efficiency and market development.

- Terminal growth rate – The forecasted terminal growth rate being used was 0% which was based on the best expectations of market participants and does not exceed the long-term average growth rate for the industry relevant to the cash-generating unit.

- Discount rates – The discount rates being used were 16.0% as of December 31, 2019 and 2020 and 14.5% as of September 30, 2021 which were before tax and reflected the risks relating to the relevant unit estimated by market participants.

Based on the impairment assessment conducted by us utilizing the above key assumptions, the recoverable amount of the cash-generating unit estimated from the cash flow forecast exceeded the carrying amount of goodwill and no impairment was considered necessary.

The values assigned to the key assumptions on market development of related products and pre-tax discount rate are consistent with external information sources.

Sensitivity to changes in key assumptions:

The management of the Company has performed sensitivity test by decreasing 1% of expected revenue, deceasing 1% of budgeted gross margins, decreasing 1% of terminal growth rate or increasing 1% of pre-tax discount rate, with all other assumptions held constant. The impacts on the amount by which CGU's recoverable amount above its carrying amount (headroom) are as below:

	Year ended December 31, 2019	**Year ended December 31, 2020**	**Nine months ended September 30, 2021**
	RMB'000	*RMB'000*	*RMB'000*
Headroom	1,474,880	3,853,044	8,159,948
Impact by decreasing expected revenue	(26,193)	(86,671)	(103,402)
Impact by decreasing budgeted gross margins	(20,440)	(132,855)	(362,087)
Impact by decreasing terminal growth rate	(16,900)	(34,700)	(44,900)
Impact by increasing pre-tax discount rate	(217,467)	(455,143)	(768,328)

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

The carrying amounts of goodwill as of December 31, 2019 and 2020 and September 30, 2021 were RMB9,305,000, RMB9,305,000 and RMB9,305,000, respectively. Further details are given in note 15 to the Accountants' Report set out in Appendix I of this prospectus.

Impairment of Non-Financial Assets (Other Than Goodwill)

We assess whether there are any indicators of impairment for all non-financial assets at the end of each Track Record Period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Intangible assets not yet available for intended use is also tested for impairment annually. Other non financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market

prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Our intangible assets represent our in-progress R&D technology. The in-progress R&D technology is amortized using the straight-line method over their estimated useful lives when available for use.

The recoverable amount of in-progress R&D technology has been determined based on a FVLCD method using cash flow projections having taken into account of the highest and best use by market participants. The cash flow projections covering a 20-year period reflects current market expectations about the future amounts of the in-progress R&D technology. Using a 20-year forecast period for the in-progress R&D technology impairment test is appropriate because technology is still in progress and its useful life is expected to be 20 years which is estimated by considering the period of the economic benefits to the Group. It generally takes longer for a vaccine company to reach perpetual growth mode, compared to companies in other industries, especially when the Group's product candidate - HPV 9-valent vaccine is still under clinical trial and the market of such product is at an early stage of development with substantial growth potential. As it is determined based on the FVLCD method, the maximum period of five years under value in use method in accordance with IAS36 shall not apply.

The following describes inputs that were used in FVLCD of the in-progress R&D technology as at of December 31, 2019 and 2020 and September 30, 2021 for its cash flow projections to undertake impairment testing of the in-progress R&D technology.

- Revenue – The basis used to determine the projected revenue, which was based on market participants' expectation of when to launch one of our Group's product candidates – HPV 9-valent vaccine, and also the expectation of the future market. HPV 9-valent vaccine is at the clinical trial stage, and the market participants expect us to submit the BLA application to the NMPA for this vaccine in 2025. The compound growth rate of revenue was estimated based on information available at the time of assessment, disregarding information that became available after the assessment. Such information includes current industry overview and estimated market development of related products.

- Budgeted gross margins – The basis used to determine the value assigned to the projected gross margins were the average gross margins that would achieve when the HPV 9-valent vaccine is commercialized, and would be increased for expected improvements of production efficiency and market development.

- Discount rates – The discount rates being used were 17.0% as of December 31, 2019 and 2020 and 15.5% as of September 30, 2021 which were before tax and reflected the risks relating to the in-progress R&D technology.

Based on the impairment assessment conducted by our Group utilizing the above key inputs, the recoverable amount of the in-progress R&D technology estimated from the cash flow forecast exceeded its carrying amount and no impairment was considered.

Sensitivity to changes in key assumptions:

The management of the Company has performed sensitivity test by decreasing 1% of expected revenue, deceasing 1% of budgeted gross margins, or increasing 1% of pre-tax discount rate, with all other assumptions held constant. The impacts on the amount by which recoverable amount of the in-progress R&D technology above its carrying amount (headroom) are as below:

	Year ended December 31, 2019	**Year ended December 31, 2020**	**Nine months ended September 30, 2021**
	RMB'000	*RMB'000*	*RMB'000*
Headroom	463,790	878,040	1,706,190
Impact by decreasing expected revenue	(10,090)	(20,520)	(12,500)
Impact by decreasing budgeted gross margins	(14,520)	(29,680)	(35,040)
Impact by increasing pre-tax discount rate	(75,990)	(121,460)	(197,190)

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the in-progress R&D technology to exceed its recoverable amount.

Useful Lives Residual Values of Property, Plant and Equipment

We determine the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. We will increase the depreciation charge where useful lives are less than previously estimated lives.

Deferred Tax Assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Share-based Payments

We have set up two employee incentive platforms for our Directors and employees. The fair value of the restricted shares are determined by the discounted cash flow model at the grant dates. Valuation techniques are certified by an independent valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Some inputs, such as the discount rate for lack of marketability ("DLOM"), discount rate, terminal growth rate require management estimates. Should any of the estimates and assumptions change, it may lead to a change in the fair value to be recognized in profit or loss. Further details see note 30 to the Accountants' Report set out in Appendix I of this prospectus.

Incremental Borrowing Rate

We use an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that we would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what we "would have to pay", which requires estimation when no observable rates are available (such as for subsidiary that does not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). We estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSS ITEMS

The following table sets forth a summary of our consolidated statement of profit or loss and other comprehensive loss for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,		Nine months ended September 30,	
	2019	**2020**	**2020**	**2021**
	(RMB in thousands)			
			(Unaudited)	
Other income and gains	12,932	9,551	5,617	25,569
Selling and distribution expenses	–	–	–	(906)
Administrative expenses	(11,774)	(18,416)	(10,613)	(117,245)
Research and development costs	(63,265)	(130,519)	(52,162)	(371,779)
Other expenses	–	(2,904)	(6)	(18)
Finance costs	(76,163)	(37,112)	(15,330)	(55,985)
Loss before tax	(138,270)	(179,400)	(72,494)	(520,364)
Loss for the year/period	(138,270)	(179,400)	(72,494)	(520,364)
Total comprehensive loss for the year/period	(138,270)	(179,400)	(72,494)	(520,364)
Attributable to:				
Owners of the parent	(138,270)	(179,400)	(72,494)	(520,364)

Other Income and Gains

During the Track Record Period, our other income and gains primarily consists of (i) government grants to support research and development of our vaccine candidates and our operations; (ii) net foreign exchange gains; and (iii) gain on fair value changes of financial assets and structured deposits. The following table sets forth a breakdown of our other income and gains for the periods indicated.

	Year ended December 31,		Nine months ended September 30,	
	2019	**2020**	**2020**	**2021**
	(RMB in thousands)			
			(Unaudited)	
Other income				
Bank interest income	2,001	2,625	1,671	6,922
Government grants related to income	239	1,458	139	3,410
Others	45	63	30	3
	2,285	4,146	1,840	10,335
Gains				
Foreign exchange gains, net	–	–	–	5,505
Gain on fair value changes of financial assets	10,647	5,405	3,777	9,729
	10,647	5,405	3,777	15,234
	12,932	9,551	5,617	25,569

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses mainly represent the salaries for our sales personnels in light of the commercialization of our ReCOV.

Administrative Expenses

Our administrative expenses consist of (i) staff costs, representing wages, welfare and share-based compensation for our administrative staff; (ii) listing expenses; (iii) consulting fees, mainly in relation to consultation for our IPD management system; (iv) utilities and office expenses; (v) depreciation and amortization in relation to our leasehold buildings and office equipment; and (vi) tax expenses, mainly in relation to the stamp duty charges. The following table sets forth the breakdown of our administrative expenses for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2019		2020		2020		2021	
	(RMB in thousands, except percentages)							
					(Unaudited)			
Staff costs	7,701	65.4%	9,577	52.0%	7,650	72.1%	83,647	71.3%
Listing expenses	–	–	–	–	–	–	16,052	13.7
Consulting fees	1,003	8.5	3,437	18.7	412	3.9	7,880	6.9
Utilities and office expenses	1,764	15.0	2,615	14.2	1,061	10.0	4,712	4.1
Depreciation and amortization	500	4.3	1,179	6.4	683	6.4	1,939	1.7
Tax expenses	90	0.8	670	3.6	84	0.8	863	0.8
Others	715	6.1	938	5.1	723	6.8	2,152	1.9
Total	11,774	100.0%	18,416	100.0%	10,613	100.0%	117,245	100.0%

Research and Development Costs

Our research and development costs consist of (i) clinical trial expenses, primarily including payments to CROs for the development of our HPV vaccine candidates and ReCOV; (ii) staff costs, including salaries, welfare and share-based compensation for our research and development personnel; (iii) pre-IND expenses, primarily including the preclinical study expenses for our HPV vaccine candidates and ReCOV; (iv) cost of raw materials and consumables for research and development of our vaccine candidates; (v) depreciation and amortization, mainly in relation our machinery and equipment for research and development of our vaccine candidates; (vi) utilities and office expenses; and (vii) consulting fees, mainly in relation to consultation expenses for our GMP consultation. The following table sets forth the breakdown of our research and development costs for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2019		2020		2020		2021	
	(RMB in thousands, except percentages)							
					(Unaudited)			
Clinical trial expenses	2,810	4.4%	5,608	4.3%	4,186	8.0%	111,993	30.1%
Staff costs	23,731	37.5	33,883	26.0	24,107	46.2	108,512	29.2
Pre-IND expenses	4,246	6.7	54,863	42.0	2,160	4.1	93,975	25.3
Costs of raw materials and consumables	21,287	33.6	10,602	8.1	7,260	13.9	34,112	9.2
Depreciation and amortization	6,271	9.9	14,964	11.5	7,287	14.0	16,778	4.5
Utilities and office expenses	4,125	6.5	7,524	5.8	5,371	10.3	4,805	1.3
Consulting fees	593	0.9	2,631	2.0	1,071	2.1	314	0.1
Others	201	0.3	444	0.3	720	1.4	1,290	0.3
Total	63,265	100.0%	130,519	100.0%	52,162	100.0%	371,779	100.0%

Note:

(1) The significant increase of staff costs for the nine months ended September 30, 2021 as compared to that in the nine months ended September 30, 2020 was primarily because of the shares we granted to our research and development personnel in 2021.

We recorded research and development costs of RMB23.5 million, RMB10.4 million and RMB100.0 million for our Core Product, REC603 (excluding share-based compensation, staff costs, depreciation and amortization, utilities and office expenses and consulting fees (representing consulting fee relating to GMP standard consultation)), which accounted for 81.1%, 14.0% and 41.4% of the total research and development costs also excluding the aforementioned items in 2019, 2020 and the nine months ended September 30, 2021,

respectively. The fluctuation in the research and development costs attributable to our Core Product during the Track Record Period were primarily associated with the clinical trial progress for our Core Product, REC603, and other vaccine candidates. The decrease in such research and development costs and its portion in terms of the total research and development costs attributable to our Core Product from 2019 to 2020 was primarily because (i) the initiation of the phase I clinical trial for REC603 in March 2019 and the completion of the clinical trial in July 2020, where a large portion of R&D activities in 2020 were mainly related to clinical data analysis and preparation of clinical trial report without significant expenditures; (ii) we initiated the research and development of our COVID-19 vaccine candidate, ReCOV, in response to the COVID-19 pandemic in early 2020, subsequently result in higher R&D expenditures in 2020. The increase in such research and development costs attributable to our Core Product for the nine months ended September 30, 2021 was primarily because the initiation of the phase III clinical trial for REC603 in June 2021. The decrease in such research and development costs as a percentage of our total research and development costs for the nine months ended September 30, 2021 as compared to that in 2019 was primarily because we obtained IND approval in April 2021 and subsequently initiated the clinical trial of ReCOV in New Zealand.

Other Expenses

Our other expenses consisted of loss on disposal of items of property, plant and equipment and net foreign exchange losses. The following table sets forth the breakdown of our other expenses for the periods indicated.

	Year ended December 31,		Nine months ended September 30,	
	2019	**2020**	**2020**	**2021**
	(RMB in thousand)			
			(Unaudited)	
Loss on disposal of items of property, plant and equipment	–	24	6	17
Foreign exchange losses, net	–	2,880	–	–
Others	–	–	–	1
Total	–	2,904	6	18

Finance Costs

Our finance costs consist of (i) interest on redemption liabilities on owner's capital, represented our obligations in relation to the issuance of our series A and series B ordinary shares which the aforementioned transactions have been terminated as of the Latest Practicable Date; (ii) interest on lease liabilities; and (iii) interest on bank borrowings. The following table sets forth the breakdown of our finance costs for the periods indicated.

	Year ended December 31,		Nine months ended September 30,	
	2019	**2020**	**2020**	**2021**
	(RMB in thousands)			
			(Unaudited)	
Interest on bank borrowings	596	–	–	1,148
Less: Interest capitalized	–	–	–	1,148
Interest on redemption liabilities on owner's capital	75,322	36,415	14,950	55,031
Interest on lease liabilities	245	697	380	954
Total	76,163	37,112	15,330	55,985

RESULTS OF OPERATIONS

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020

Other Income and Gains

Our other income and gains increased from RMB5.6 million for the nine months ended September 30, 2020 to RMB25.6 million for the nine months ended September 30, 2021, mainly due to the increase of bank interest income as a result of increased deposits at banks. This increase was also attributable to an increase in government grants we received from the Management Committee of Taizhou Medical New & High-tech Industrial Development Zone (泰州醫藥高新技術產業園區管委會). In addition, we generated foreign exchange gains of RMB5.5 million for the nine months ended September 30, 2021 due to the appreciation of US dollar-denominated proceeds we received from our equity financing against the RMB.

Selling and Distribution Expenses

We incurred RMB0.9 million selling and distribution expenses for the nine months ended September 30, 2021, primarily because attributable to the salaries we paid to our sales personnels in light of the commercialization of our ReCOV.

Administrative Expenses

Our administrative expenses increased significantly from RMB10.6 million for the nine months ended September 30, 2020 to RMB117 .2 million for the nine months ended September 30, 2021. This increase was primarily attributable to (i) an increase of RMB76.0 million in staff costs due to the shares we granted to our administrative personnel in 2021; (ii) an increase of RMB16.1 million in listing expenses, representing the professional party fees in relation to our proposed listing; and (iii) an increase of RMB7.5 million in our consulting fees primarily attributable to the enhancement of our IPD System.

Research and Development Costs

Our research and development costs increased significantly from RMB52.2 million for the nine months ended September 30, 2020 to RMB371.8 million for the nine months ended September 30, 2021. This increase was primarily attributable to (i) an increase in clinical trial expenses of RMB107.8 million as we incurred significant expenses for the initiation of phase III clinical trial for REC603; (ii) an increase in pre-IND expenses of RMB91.8 million mainly due to the preclinical studies in relation to ReCOV; (iii) an increase in staff costs of RMB84.4 million due to the increased share-based compensation to our employees due to the share awards we granted to our research and development personnel in 2021; and (iv) an increase in cost of raw materials and consumables of RMB26.9 million due to the initiation of manufacturing of ReCOV samples for its phase I clinical trial in early 2021.

Other Expenses

We incurred RMB18,000 other expenses for the nine months ended September 30, 2021, mainly attributable to loss on disposal of items of property, plant and equipment.

Finance Costs

Our finance costs increased from RMB15.3 million for the nine months ended September 30, 2020 to RMB56.0 million for the nine months ended September 30, 2021. This increase in finance costs was primarily due to the increase in interest on redemption liabilities on owners' capital.

Loss for the Period

As a result of the above, we recorded a loss of RMB72.5 million for the nine months ended September 30, 2020, as compared to a loss of RMB520.4 million for the nine months ended September 30, 2021.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Other Income and Gains

Our other income and gains decreased from RMB12.9 million in 2019 to RMB9.6 million in 2020. This decrease was primarily attributable to a decrease of RMB5.2 million of our gain on fair value changes of financial assets in relation to the purchase of structured deposits, and partially offset by an increase of RMB1.2 million in government grants mainly in relation to our R&D efforts.

Administrative Expenses

Our administrative expenses increased significantly from RMB11.8 million in 2019 to RMB18.4 million in 2020. This increase was primarily attributable to (i) an increase of RMB2.4 million in our consulting fees mainly to enhance our IPD management system; (ii) an increase of RMB1.9 million in staff costs in line with our business expansion; (iii) an increase of RMB0.9 million in utilities and office expenses in line with our business expansion.

Research and Development Costs

Our research and development costs increased by 106.3% from RMB63.3 million in 2019 to RMB130.5 million in 2020. This increase was primarily attributable to (i) an increase of RMB50.6 million in pre-IND expenses mainly in relation to the preclinical study for ReCOV; (ii) an increase in staff costs of RMB10.2 million in line with our business expansion, partially offset by a decrease of RMB10.7 million in cost of raw materials and consumables as we increased inventory for the manufacturing of samples of HPV vaccine candidates in 2019.

Other Expenses

We incurred an amount of RMB2.9 million in 2020 primarily due to the foreign exchange loss we incurred.

Finance Costs

Our finance costs decreased from RMB76.2 million in 2019 to RMB37.1 million in 2020. This decrease in finance costs was primarily due to the decrease in interest on redemption liabilities on owner's capital.

Loss for the Period

As a result of the above, we recorded a loss of RMB138.3 million in 2019, as compared to a loss of RMB179.4 million in 2020.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

The following table sets forth a summary of our consolidated statement of financial position as of the dates indicated.

	As of December 31,		As of September 30, 2021
	2019	2020	
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	56,093	128,500	323,145
Right-of-use assets	5,667	57,675	55,135
Goodwill	9,305	9,305	9,305
Other intangible assets	22,120	22,120	22,120
Other non-current assets	22,710	120,038	150,139
Total non-current assets	115,895	337,638	559,844
Current assets			
Inventories	7,363	7,762	24,839
Prepayments, other receivables and other assets	14,163	19,903	63,614
Financial assets at FVTPL	231,885	325,890	251,194
Cash and bank balances	57,239	355,821	1,096,933
Total current assets	310,650	709,376	1,436,580
Current liabilities			
Trade payables	1,740	1,987	10,736
Other payables and accruals	12,927	51,160	93,484
Lease liabilities	3,131	4,334	4,679
Total current liabilities	17,798	57,481	108,899
Net current assets	292,852	651,895	1,327,681
Total assets less current liabilities	408,747	989,533	1,887,525
Non-current liabilities			
Interest bearing and other borrowings	–	–	30,000
Redemption liabilities owners' capital	720,366	1,952,874	–
Lease liabilities	2,398	21,791	21,792
Deferred income	–	18,122	32,244
Deferred tax liabilities	5,530	5,530	5,530
Total non-current liabilities	728,294	1,998,317	89,566
Net (liabilities)/assets	(319,547)	(1,008,784)	1,797,959

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (i) leasehold improvements; (ii) plant and machinery; (iii) furniture and fixtures; (iv) computer and office equipment; (v) motor vehicles; and (vi) construction in progress. Our property, plant and equipment increased from RMB56.1 million as of December 31, 2019 to RMB128.5 million as of December 31, 2020, and further increased to RMB323.1 million as of September 30, 2021 mainly due to the increase of construction in progress as we commenced the construction of our manufacturing facilities.

Right-of-use Assets

Our right-of-use assets represent (i) leasehold land, representing the land use right of our manufacturing facility for our HPV vaccines with an original use right of 50 years; and (ii) leased properties, representing our leased manufacturing facility for ReCOV and our leased office building and laboratories. The following table sets forth details of our right-of-use assets as of the dates indicated.

	As of December 31,		As of September 30,
	2019	2020	2021
	(RMB in thousands)		
Leasehold land	–	31,958	31,471
Properties	5,667	25,717	23,664
Total	5,667	57,675	55,135

Our right-of-use assets increased from RMB5.7 million as of December 31, 2019 to RMB57.7 million as of December 31, 2020 primarily due to our newly acquired land use rights for our manufacturing facility in Taizhou and newly leased manufacturing facilities. Our right-of-use assets decreased slightly from RMB57.7 million in 2020 to RMB55.1 million for the nine months ended September 30, 2021 primarily because the depreciation of our leasehold land and properties.

Other Non-current Assets

Our other non-current assets mainly represent our time deposits and prepayment for purchase of property, plant and equipment. Our other non-current assets increased significantly from RMB22.7 million as of December 31, 2019 to RMB120.0 million as of December 31, 2020 and further increased to RMB150.1 million as of September 30, 2021, which is mainly due to the purchase of equipment for our new manufacturing facility, as well as the increase of time deposit. In addition, as of September 30, 2021, we had long-term deferred expenses of RMB2.0 million, representing the prepaid clinical trial insurance in relation to the ongoing

phase III clinical trial of REC603. As the insurance period will expire in September 2027, such expenses are recorded as long-term deferred expenses in our non-current assets. The following table sets forth the details of our other non-current assets as of the dates indicated.

	As of December 31,		As of September 30, 2021
	2019	2020	
	(RMB in thousands)		
Time deposit	–	50,000	80,000
Prepayment for purchase of property, plant and equipment	22,710	70,038	68,206
Long-term deferred expenses	–	–	1,933
Total	22,710	120,038	150,139

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets mainly consisted of value-added tax recoverable, deferred listing expenses, prepayments for raw materials and prepayment for research and development expense. Our prepayments, other receivables and other assets increased from RMB14.2 million as of December 31, 2019 to RMB19.9 million as of December 31, 2020 primarily due to the prepayments for CROs for our ReCOV and the increase of value-added tax recoverable in line with our clinical trial progress. It further increased to RMB63.6 million as of September 30, 2021 mainly because we procured equipment and construction services for our manufacturing facilities, which subsequently increased our valued-added tax recoverable. The following table sets forth the details of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,		As of September 30, 2021
	2019	2020	
	(RMB in thousands)		
Value-added tax recoverable	6,676	11,127	41,859
Deferred listing expenses	–	–	9,901
Prepayment for research and development expense	290	4,693	4,263
Deposits	5,874	3,287	2,901
Prepayments for raw materials	1,237	712	2,713
Advance lease payments	23	26	395
Others	63	58	1,582
Total	14,163	19,903	63,614

Financial Assets at FVTPL

Our financial assets at FVTPL represented our structured deposits. These structured deposits are all principal-guaranteed floating return wealth management products managed by local branches of nationwide joint stock commercial banks or city commercial banks in Jiangsu province with expected return rates ranging from 1.35% to 3.85% per annum with a term ranging from 7 days to 192 days. Our financial assets at FVTPL increased from RMB231.9 million as of December 31, 2019 to RMB325.9 million as of December 31, 2020 because the proceeds we received from series B+ and series C financing, which were placed in structured deposits. It decreased from RMB325.9 million as of December 31, 2020 to RMB251.2 million as of September 30, 2021, primarily because we redeemed certain structured deposits to fund our R&D activities.

We purchased structured deposits to improve the utilization of our cash on hand on a short-term basis. During the Track Record Period, we generally limited our purchase to principal guaranteed and short-term (less than six months maturity periods) financial products from reputable commercial banks. We believe that investment in low-risk financial products, such as structured deposits, helps us make better use of our cash, expand our source of income while ensuring sufficient cash flow for business operation or capital expenditures. Considering that these structured deposit products are short-term and principal guaranteed, we believe our credit risk exposure is limited. In the future, we will continue to purchase low-risk financial products with short maturity period based on our operational needs.

We have established a set of investment policies and internal control measures to achieve reasonable returns on our investments of structured deposits or similar wealth management products while mitigating our exposure to investment risks. These policies and measures primarily include:

- Our finance department is responsible for the purchase of financial products. We generally designate qualified personnel in our finance department to work on the investment of financial products. The investment decisions of our finance department are subject to the approval of our senior management team. In general, we only allow making investments to principal-guaranteed structured deposits or other wealth management products with low investment risk;

- Our Board is responsible for overseeing all the investment decisions and evaluating the reasons for the investment and will conduct periodic review on the liquidity and interest income of our investments. In particular, any investment exceeds 8% of our total assets shall be subject to the approval from the Board;

- We make investment decisions based on our estimated capital requirements in the near future and our annual financial forecast, taking into account the term, expected returns and risks of the financial products; and

- We periodically assess the liquidity, capital structure and investments position of our Group and make capital expenditure arrangement and cash flow forecast. We also regularly analyze the difference between our actual cash outflow and our cash flow forecast or our budget and make investment decisions based on such assessment and analysis results accordingly.

Cash and Bank Balances

Our cash and bank balances represented our demand deposits in USD and RMB at bank. Our cash and bank balances increased from RMB57.2 million as of December 31, 2019 to RMB355.8 million as of December 31, 2020 and further increased to RMB1,096.9 million as of September 30, 2021 primarily due to the maturity of certain structured deposits and the completion of our series B, B+ and Series C financing.

Trade Payables

Our trade payables increased slightly from RMB1.7 million as of December 31, 2019 to RMB2.0 million as of December 31, 2020 primarily due to the purchase of raw materials in line with our business expansion. Our trade payables increased to RMB10.7 million as of September 30, 2021 as we negotiated more favorable payment terms with our suppliers. The following table sets forth an aging analysis of our trade payables, based on the invoice date as of the dates indicated.

	As of December 31,		As of September
	2019	2020	30, 2021
	(RMB in thousands)		
Within 1 year	1,681	1,928	10,442
Over 1 year	59	59	294
Total	1,740	1,987	10,736

As of the Latest Practicable Date, RMB9.5 million, or 88.8% of our trade payables as of September 30, 2021 were subsequently settled.

Other Payables and Accruals

Our other payables and accruals mainly consisted of accrued research and development expenses, staff payroll, welfare and bonus payables, accrued listing expense and accrued renovation and construction expenses. Our other payables and accruals increased from RMB12.9 million as of December 31, 2019 to RMB51.2 million of December 31, 2020 primarily because (i) an increase in accrued research and development costs as we engaged CROs for the research and development of ReCOV; and (ii) an increase in accrued renovation and construction expenses due to the construction of our manufacturing facilities; (iii) an increase in staff payroll, welfare and bonus payables in line with our business expansion.

Our other payables and accruals increased from RMB51.2 million as of December 31, 2020 to RMB93.5 million as of September 30, 2021 primarily attributable to (i) the accrued listing expense incurred in relation to our proposed Listing; and (ii) an increase in accrued research and development costs due to the payables to CROs for the clinical trials in relation to ReCOV, and partially offset by a decrease in staff payroll, welfare and bonus payables. The following table sets forth the details of our other payables and accruals as of the dates indicated.

	As of December 31,		As of September 30,
	2019	2020	2021
	(RMB in thousands)		
Accrued research and development expenses	1,525	23,117	43,729
Staff payroll, welfare and bonus payables	9,232	11,942	18,713
Accrued renovation and construction expenses	–	11,157	16,248
Accrued listing expense	–	–	9,767
Payable for property, plant and equipment	344	1,081	3,273
Tax payables	932	2,173	793
Other payables	270	132	468
Deposits received from vendors	500	180	150
Other accrued expenses	124	1,378	343
Total	12,927	51,160	93,484

Redemption Liabilities on Owner's Capital

Our redemption liabilities on owner's capital represented our obligations in relation to the redemption liabilities attached to our ordinary Shares we issued in series A and series B financing. We recorded an amount of RMB720.4 million, RMB1,952.9 million and nil for our redemption liabilities on owner's capital as of December 31, 2019 and 2020 and September 30, 2021, respectively. This is because we issued our series A and series B ordinary shares in January 2019 and November 2020, respectively, and our redemption obligations associated with the aforementioned transactions have been terminated in March 2021.

Lease Liabilities

As of December 31, 2019 and 2020 and September 30, 2021, we recorded lease liabilities of RMB5.5 million, RMB26.1 million and RMB26.5 million, respectively. The following table sets forth the carrying amount of our lease liabilities as of the dates indicated.

	As of December 31,		As of September 30,
	2019	2020	2021
	(RMB in thousands)		
Current portion	3,131	4,334	4,679
Non-current portion	2,398	21,791	21,792
Total	5,529	26,125	26,471

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary uses of cash relate to the research and development of our vaccine candidates and the purchase of equipment and machinery. During the Track Record Period, we primarily funded our working capital requirement through equity financing and bank borrowings. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As our business develops and expands, we expect to generate more cash from our operating activities through launching new vaccines. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash from operations, bank balances and cash and net proceeds from the Global Offering. As of September 30, 2021, our cash and bank balances amounted to RMB1,096.9 million.

Net Current Assets

	As of December 31,		As of September 30, 2021	As of January 31, 2022
	2019	2020		
	(RMB in thousands)			
				(Unaudited)
Current assets				
Inventories	7,363	7,762	24,839	23,277
Prepayments, other receivables and other assets	14,163	19,903	63,614	116,910
Financial assets at FVTPL	231,885	325,890	251,194	221,106
Cash and bank balances	57,239	355,821	1,096,933	833,018
Total current assets	310,650	709,376	1,436,580	1,194,311
Current liabilities				
Trade payables	1,740	1,987	10,736	12,889
Other payables and accruals	12,927	51,160	93,484	84,423
Lease liabilities	3,131	4,334	4,679	8,817
Total current liabilities	17,798	57,481	108,899	106,129
Net current assets	292,852	651,895	1,327,681	1,088,182

We had net current assets of RMB651.9 million as of December 31, 2020, as compared to net current assets of RMB292.9 million as of December 31, 2019. The increase was mainly due to (i) an increase of RMB298.6 million in our cash and cash balances, primarily attributable to proceeds we received from our series B financing; (ii) an increase of RMB94.0 million in our financial assets at FVTPL, reflecting the purchase of structured deposits; and (iii) an increase of RMB38.2 million in our other payables and accruals, primarily consisted of the payments to CROs for the research and development of ReCOV and the payments to our employees.

We recorded net current assets of RMB651.9 million and RMB1,327.7 million as of December 31, 2020 and September 30, 2021, respectively. The increase was mainly due to (i) an increase of RMB741.1 million in our cash and cash balances, primarily attributable to the proceeds we received from the series B+ and series C financing; (ii) an increase of RMB42.3 million in our other payables and accruals, primarily consisted of the accrued listing expense in relation to our proposed Listing and (iii) an increase of RMB8.7 million in our trade payables mainly because we purchased more raw materials in line with our clinical progress.

Our net current assets decreased to RMB1,088.2 million as of January 31, 2022, primarily because of a decrease in our cash and bank balances.

Cash Operating Costs

The following table provides information regarding our cash operating costs for the periods indicated:

	Year ended December 31,		Nine months ended September
	2019	2020	30, 2021
	(RMB in thousands)		
R&D costs			
R&D costs for our Core Product			
Clinical trial expenses	4,908	6,259	98,782
CRO expenses	*1,863*	*2,824*	*35,425*
Raw material costs	18,568	4,094	1,211
Subtotal	23,477	10,353	99,993
R&D costs for other product candidates			
Pre-IND expenses	1,175	54,212	106,362
CRO expenses	*198*	*39,635*	*86,794*
Raw material costs	2,483	6,453	31,755
Subtotal	3,658	60,665	138,117
Workforce employment[(1)]	23,731	33,883	46,954
Product marketing costs[(2)]	–	–	–
Direct production costs[(3)]	–	–	–
Contingency allowance	–	–	–
Depreciation and amortization	6,271	14,964	16,778
Other significant expenses[(4)]	6,128	10,655	8,379
Total	63,265	130,519	310,221

Notes:

(1) Workforce employment represented our staff costs for our R&D staff mainly including salaries and benefits.

(2) We had not commenced vaccine sales as of the Latest Practicable Date.

(3) We had not commenced vaccine product manufacturing as of the Latest Practicable Date.

(4) Other significant expenses mainly included non-income taxes, travelling expenses, trainings expenses and insurance expenses in relation to the research and development of vaccine candidates.

Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2019	**2020**	**2020**	**2021**
	(RMB in thousands)			
			(Unaudited)	
Loss before income tax	(138,270)	(179,400)	(72,494)	(520,364)
Adjustment for cash flows from operating activities before movement of working capital	67,841	44,749	17,835	175,011
Changes in working capital	(68,210)	64,315	10,779	2,576
Net cash flows used in operating activities	(138,639)	(70,336)	(43,880)	(342,777)
Net cash flows used in/(from) investing activities	(345,639)	(258,587)	60,679	(145,316)
Net cash flows from/(used in) financing activities	490,171	680,385	(4,288)	1,213,700
Net increase/(decrease) in cash and cash equivalents	5,893	351,462	12,511	725,607
Cash and cash equivalents at beginning of year/period	1,346	7,239	7,239	355,821
Effect of foreign exchange differences, net	–	(2,880)	–	5,505
Cash and bank balances	57,239	355,821	19,750	1,096,933
Time deposits with original maturity of more than three months	(50,000)	–	–	(10,000)
Cash and cash equivalents at the end of year	7,239	355,821	19,750	1,086,933

Operating Activities

Since inception, we have incurred negative cash flows from our operations. Substantially all of our operating cash outflows have resulted from research and development costs.

Our net cash used in operating activities was RMB342.8 million for the nine months ended September 30, 2021, primarily represented our loss before tax of RMB520.4 million, as further adjusted for non-cash and non-operating items, primarily including (i) expenses related with share-based payments of RMB125.2 million; (ii) an increase in finance costs of RMB56.0 million; and (iii) an increase in prepayments, other receivables and other assets of RMB33.8 million.

In 2020, our net cash used in operating activities was RMB70.3 million, represented our loss before tax of RMB179.4 million, as further adjusted for non-cash and non-operating items, primarily including (i) an increase in other payables and accruals of RMB52.0 million; (ii) an increase in finance costs of RMB37.1 million; and (iii) an increase in deferred income of RMB18.1 million.

In 2019, our net cash used in operating activities was RMB138.6 million, represented our loss before tax of RMB138.3 million, as further adjusted for non-cash and non-operating items, primarily including an increase in prepayments, other receivables and other assets of RMB10.0 million; and offsetting by a decrease in other payables and accruals of RMB52.2 million.

Investing Activities

Our net cash used in investing activities was RMB145.3 million for nine months ended September 30, 2021, primarily attributable to the purchase of items of property, plant and equipment of RMB195.8 million and offsetting by a decrease of RMB75.0 million of financial products included in financial assets at FVTPL.

In 2020, our net cash used in investing activities was RMB258.6 million, primarily attributable to (i) purchase of items of property, plant and equipment of RMB138.3 million, and (ii) increase of financial products included in financial assets at FVTPL of RMB95.0 million.

In 2019, our net cash used in investing activities was RMB345.6 million, primarily attributable to (i) increase of financial products included in financial assets at FVTPL of RMB230.0 million; (ii) purchase of items of property, plant and equipment of RMB79.0 million; and (iii) purchase of time deposits of RMB50.0 million.

Financing Activities

Our net cash generated from financing activities was RMB1,213.7 million for the nine months ended September 30, 2021, primarily attributable to proceeds from series B+ and series C financing of RMB1,165.1 million and new bank loans of RMB30.0 million, partially offset by the payments of listing expense of RMB6.2 million.

In 2020, our net cash generated from financing activities was RMB680.4 million, primarily attributable to proceeds from series B financing of RMB686.3 million, partially offset by repayment of lease payments of RMB5.9 million.

In 2019, our net cash generated from financing activities was RMB490.2 million, primarily attributable to proceeds from series A financing of RMB500.0 million, partially offset by repayment of bank loans of RMB6.0 million.

WORKING CAPITAL CONFIRMATION

We believe our liquidity requirements will be mainly satisfied by using funds from a combination of our existing cash, unutilized loan facilities, net proceeds from the Global Offering. As of January 31, 2022, we had cash and bank balances of RMB833.0 million. Taking into account the above, together with the estimated net proceeds from the Global Offering provided that the Offer Price is set at HK$24.80 per H Share, the Directors are of the opinion that, we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, business development and marketing expenses, and administrative and operating costs, for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to our average monthly (i) net cash used in operating activities, which includes research and development expenses; and (ii) capital expenditures. Assuming average monthly net cash used in operating activities going forward of eight times the level in 2020 and average monthly capital expenditures going forward of 1.5 times the level in 2020, we estimate we will be able to maintain our financial viability without net proceeds of the Global Offering for 12 months from the date of this prospectus; or, if we also take into account of the net proceeds from Global Offering provided that the Offer Price is set at HK$24.80 per H Share, 21 months from the date of this prospectus. Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development status.

INDEBTEDNESS

As of December 31, 2019 and 2020, September 30, 2021 and January 31, 2022, except as disclosed in the table below, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, unutilized banking facilities, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities. The following table sets forth the components of our indebtedness as of the date indicated.

	As of December 31,		As of September 30, 2021	As of January 31, 2022
	2019	2020		
	(RMB in thousands)			
				(Unaudited)
Current liabilities				
Lease liabilities	3,131	4,334	4,679	8,817
Non-current liabilities				
Interest bearing and other borrowings	–	–	30,000	80,000
Lease liabilities	2,398	21,791	21,792	17,307
Redemption liabilities on owners' capital	720,366	1,952,874	–	–
Total	725,895	1,978,999	56,471	106,124

CAPITAL EXPENDITURE

Our capital expenditure during the Track Record Period primarily includes (i) construction in progress; (ii) plant and machinery; (iii) leasehold improvements; (iv) motor vehicles; (v) computer and office equipment; and (vi) furniture and fixtures. The increase in our capital expenditures from 2019 to 2020 was primarily in relation to the construction of our new manufacturing facility. The following table sets forth the details of our capital expenditure for the period indicated.

	For the year ended December 31,		For the nine months ended September 30, 2021
	2019	2020	
	(RMB in thousands)		
Construction in progress	15,766	41,719	162,141
Plant and machinery	38,769	20,577	30,793
Leasehold improvements	–	15,635	10,051
Furniture and fixtures	29	23	91
Computer and office equipment	657	465	1,068
Motor vehicles	691	575	912
Total	55,912	78,994	205,056

We expect that our capital expenditure in 2022 will continue to grow as we gradually expand our business operation and advance the R&D of our vaccine candidates. We plan to finance such expenditure primarily with our existing cash, net proceeds from the Global Offering, and bank borrowings if necessary.

CONTRACTUAL COMMITMENTS

Capital Expenditure Commitments

Our contracted capital expenditure as of December 31, 2019 and 2020 and September 30, 2021 but not yet incurred are as follows:

	As of December 31,		As of September 30, 2021
	2019	2020	
	(RMB in thousands)		
Buildings	1,850	150,879	104,226
Plant and machinery	8,058	56,250	34,574
Total	9,908	207,129	138,800

CONTINGENT LIABILITIES

As of December 31, 2019 and 2020 and September 30, 2021, we did not have any contingent liabilities. We confirm that there had been no material changes or arrangements to our contingent liabilities as of the Latest Practicable Date.

KEY FINANCIAL RATIO

The following table sets forth our key financial ratio as of the dates indicated:

	As of December 31,		As of September 30,
	2019	2020	2021
Current ratio[(1)]	17.5	12.3	13.2

Note:

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

Our current ratio decreased from 17.5 as of December 31, 2019 to 12.3 as of December 31, 2020, mainly because our current liabilities had increased at a higher rate than our current assets. The increase in our current liabilities was primarily because the increase in other payables and accruals, which is in line with the research and development progress of our vaccine candidates. Our current ratio increased from 12.3 as of December 31, 2020 to 13.2 as of September 30, 2021, mainly because our current assets had increased at a higher rate than our current liabilities. The increase in our current assets were primarily because we received more cash as we completed series A, series B, series B+ and series C financing.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had no material off-balance sheet arrangements.

FINANCIAL RISKS

We are exposed to a variety of financial risks, including foreign currency risk, credit risk and liquidity risk as set out below. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. For further details, including relevant sensitivity analysis, see note 37 in the Accountants' Report set out in Appendix I of this prospectus.

Credit Risk

We generally trade only with recognized and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

As at the end of each of the Track Record Period, cash and cash equivalents were deposited in banks of high quality without significant credit risk.

Our Directors are of the view that our exposure to credit risk arising from other receivables is not significant since counterparties to these financial assets have no history of default. See note 37 to the Accountants' Report set out in Appendix I.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintains a level of cash and cash equivalents deemed adequate by the management of our Group to finance the operations and mitigate the effects of fluctuations in cash flows.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other borrowings and lease liabilities. We aim to maintain sufficient cash and cash equivalents to meet our liquidity requirements. See note 37 to the Accountants' Report set out in Appendix I.

DISTRIBUTABLE RESERVES

As of September 30, 2021, we did not have any reserves available for distribution to our Shareholders.

DIVIDENDS

No dividend was paid or declared by our Company during the Track Record Period. The determination of whether to pay a dividend and in which amount is based on factors the Board may deem relevant. Any dividend distribution will also be subject to the approval of the Shareholders in the Shareholder's meeting. Under the PRC law and the Articles of Association, the general reserve requires annual appropriations of 10% of after-tax profits at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital. In view of our accumulated losses, as advised by our PRC Legal Advisor, according to the relevant PRC laws

and regulations and the Articles of Association, we shall not declare or pay dividend until the accumulated losses are covered by our after-tax profits and sufficient statutory common reserve are drawn in accordance with the relevant laws and regulations.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$92.8 million (including underwriting commission, assuming an Offer Price of HK$24.80 per H Share, assuming that the Over-allotment Option is not exercised), of which approximately HK$41.7 million is expected to be charged to our consolidated statements of profit or loss and other comprehensive loss, and approximately HK$51.1 million is expected to be accounted for as a deduction from equity upon the Listing. Listing expenses to be borne by us include (i) underwriting-related expenses, including underwriting commission, of HK$32.5 million; (ii) fees and expenses of legal advisors and Reporting Accountants of HK$40.2 million; and (iii) other fees and expenses of HK$20.1 million. During the Track Record Period, we incurred listing expenses of HK$32.1 million. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our listing expenses as a percentage of gross proceeds is 12.1%, assuming an Offer Price of HK$24.80 per H Share, assuming that the Over-allotment Option is not exercised. Our Directors do not expect such listing expenses to have a material adverse impact on our results of operations for the year ending December 31, 2022.

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 our Group attributable to equity shareholders of our Company as of September 30, 2021 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group have been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of our Company had the Global Offering been completed as of September 30, 2021 or at any future date. It is prepared based on the consolidated net tangible assets of our Group attributable to the owners of our Company as of September 30, 2021 as set out in the Accountants' Report in Appendix I to the prospectus, and adjusted as described below.

	Consolidated net tangible assets attributable to owners of our Company as of September 30, 2021	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company as of September 30, 2021**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share as of September 30, 2021**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$24.80 per Share	1,766,534	560,136	2,326,670	4.86	6.00

Notes:

1. The consolidated net tangible assets of our Group attributable to owners of our Company as of September 30, 2021 was equal to the audited net assets attributable to owners of our Company as of September 30, 2021 of RMB1,797,959,000 after deducting of other intangible assets of RMB22,120,000 and goodwill of RMB9,305,000 as of September 30, 2021 set out in the Accountants' Report in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on an estimated Offer Price of HK$24.80 per Share, after deduction of the underwriting fees and other related expenses payable by our Company and do not take into account any Shares which may be issued upon the exercise of the Over-allotment Option. For the purpose of the estimated net proceeds from the Global Offering, the amounts denominated in HKD and USD have been converted into RMB at the rate of HKD1.00 to RMB0.8092 and USD1.00 to RMB6.3306, respectively, which were the exchange rates prevailing on March 11, 2022 with reference to the rates published by The People's Bank Of China. No representation is made that the HKD amounts or USD amounts have been, could have been or may be converted into RMB, or vice versa, at that rate or any other rates or at all.

3. The unaudited pro forma net tangible assets per Share is arrived on the basis that 479,104,500 Shares were in issue assuming that the Global Offering had been completed on September 30, 2021. In addition, the number of Shares used for the computation of unaudited pro forma net tangible assets per Share also takes no account of any Shares which may be fall to be issued upon the exercise of the Over-allotment Option.

4. For the purpose of this unaudited pro forma statement of adjusted net tangible assets attributable to owners of our Company, the balances stated in RMB are converted into HK$ at the rate of RMB1.00 to HK$1.2358.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to September 30, 2021.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, save as disclosed in this prospectus, as far as they are aware, there had been no material adverse change in our financial, trading position or prospects since September 30, 2021, being the date of our latest audited consolidated financial statements as set out in "Appendix I—Accountants' Report" of this prospectus, up to the date of this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

See "Business—Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$672.4 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, and assuming the Over-allotment Option is not exercised and an Offer Price of HK$24.80 per H Share.

We currently intend to apply these net proceeds for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

(i) Approximately 47.3%, or HK$317.9 million, will be allocated to continue to optimize, develop and commercialize our HPV vaccine pipeline, including our Core Product, the recombinant HPV 9-valent vaccine REC603, as follows:

- Approximately 45.2%, or HK$303.6 million, will be used for the ongoing phase III clinical trial, registration, manufacturing and commercialization of our Core Product, REC603, including (i) 27.9% for the phase III clinical trial from 2021 to 2025 of REC603; and (ii) 2.3% for BLA submission, including the related bridging studies and R&D activities in relation to pilot manufacturing as required by the CDE; (iii) 13.1% for constructing the HPV manufacturing facility in Taizhou; and (iv) 1.9% for the commercialization activities in relation to REC603; and

- Approximately 2.1%, or HK$14.3 million, will be used for the preclinical and clinical research for other HPV vaccine candidates, namely our recombinant HPV bivalent vaccine candidates REC601 and REC602 and adjuvanted second-generation HPV vaccine candidates REC604a and REC604b, including (i) 1.2% for the pre-clinical research of REC604a and REC604b, (ii) 0.3% for the IND submission of REC604a and REC604b; and (iii) 0.6% for the ongoing phase I clinical trial of REC601 and REC602 and the phase I clinical trial of REC604a and REC604b.

(ii) Approximately 17.7%, or HK$119.3 million, will be used for the preclinical and clinical studies, registration of our COVID-19 vaccine, namely ReCOV, including (i) approximately 0.5% will be used for the ongoing pre-clinical studies for ReCOV; (ii) 0.5% will be used for the ongoing phase I clinical trial in New Zealand; (iii) 2.0% will be used for the phase II clinical trial; and (iv) 14.7% will be used for the phase III clinical trial. As we intend to settle the milestone payments under Collaboration Agreement with our own funds, this does not include such milestone payments to be made under the Collaboration Agreement.

(iii) Approximately 21.1%, or HK$142.0 million, will be used for the preclinical and clinical studies, registration of other vaccine candidates, including our recombinant shingles vaccine, REC610; TB vaccines, REC606; and REC607, recombinant quadrivalent influenza vaccine, REC617; and recombinant HFMD quadrivalent vaccine, REC605 including (i) 12.0% will be used for REC610, namely (a) 2.5% on pre-clinical studies; (b) 0.4% on IND submission; (c) 6.6% on clinical trials and (d) 2.6% on registration, manufacturing preparation and commercialization; (ii) 5.2% will be used for the pre-clinical studies, IND submission and phase I clinical trial of REC606 and REC607, namely (a) 2.5% on pre-clinical studies; (b) 1.4% on IND submission and (c) 1.3% on phase I clinical trials; and (iii) 3.9% will be used for the pre-clinical studies, IND submission and phase I clinical trials of other vaccine candidates including REC617 and REC605. As we intend to settle the milestone payments under the Technology Transfer Agreement with our own funds, this does not include such milestone payments to be made under the Technology Transfer Agreement.

(iv) Approximately 6.7%, or HK$44.7 million, will be used to further enhance our R&D capabilities and enhance our operating efficiencies, including (a) 2.7% will be used to recruit more R&D personnel and further enhance our technology platforms to support our ongoing needs; (b) 2.4% will be used to build our manufacturing and quality control system; and (c) 1.6% will be used in upgrading our information technology infrastructure.

(v) Approximately 7.2%, or HK$48.5 million, will be used for our working capital and general corporate purposes.

If the Over-allotment Option is exercised in full, the net proceeds that we will receive will be approximately HK$782.6 million, assuming an Offer Price of HK$24.80 per H Share. In the event that the Over-allotment Option is exercised in full, we intend to apply the additional net proceeds to the above purposes in the proportions stated above.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, so long as it is deemed to be in the best interests of the Company, we may hold such funds in short-term deposits with licensed banks or authorized financial institutions in Hong Kong. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

Hong Kong Underwriters

Morgan Stanley Asia Limited
CMB International Capital Limited
CLSA Limited
China Industrial Securities International Capital Limited
Haitong International Securities Company Limited
GF Securities (Hong Kong) Brokerage Limited
Essence International Securities (Hong Kong) Limited
Valuable Capital Limited
Livermore Holdings 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 on the terms and conditions set out in this prospectus, the **GREEN** Application Form relating thereto and the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 3,085,500 Hong Kong Offer Shares and the International Offering of initially 27,769,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure and Conditions 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

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering initially 3,085,500 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the **GREEN** Application Form relating thereto.

Subject to (i) the Listing Committee granting listing of, and permission to deal in, the H Shares to be offered as mentioned in this prospectus pursuant to the Global Offering (including any additional H Shares that may be issued pursuant to the exercise of the Over-allotment Option) and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the **GREEN** Application Form relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, amongst others, the execution and delivery of the International Underwriting Agreement and the obligations of the International Underwriters thereunder having become unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled, in their sole and absolute discretion and upon giving notice in writing to our Company, to terminate the Hong Kong Underwriting Agreement with immediate effect, if at any time prior to 8:00 a.m. on the Listing Date:

(A) there develops, occurs, exists or comes into force:

(a) any new law or regulation, or any change or development involving a prospective change in existing law or regulation or in the interpretation or application thereof by any court or other competent authority, in or affecting Hong Kong, the PRC, Singapore, the United States, the United Kingdom or the European Union (or any member thereof) (each a "**Relevant Jurisdiction**"); or

(b) any change or development involving a prospective change, or any event likely to result in any change or development involving a prospective change, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions or any monetary or trading settlement system (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any Relevant Jurisdiction; or

(c) any event or circumstance in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, earthquake, flooding, tsunami, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war (whether declared or undeclared), acts of terrorism (whether or not responsibility has been claimed), acts of God, destruction of power plant, outbreak, escalation, mutation or aggravation of diseases, epidemics or pandemics including, but not limited to, SARS, swine or avian flu, H5N1, H1N1, H1N7, H7N9, Ebola virus, Middle East respiratory syndrome (MERS), COVID-19 and such related/mutated forms, economic sanction, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or crisis in whatever form) in or directly or indirectly affecting any Relevant Jurisdiction; or

(d) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities of generally on the Stock Exchange, the

New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(e) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent governmental authority), New York (imposed at Federal or New York State level or other competent governmental authority), London, Singapore, the PRC, the European Union (or any member thereof) or any Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

(f) any (A) change or prospective change in exchange controls, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollars or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollars is linked to that of the United States dollars or RMB is linked to any foreign currency or currencies), or (B) any change or prospective change in Taxation in any Relevant Jurisdiction adversely affecting an investment in the H Shares; or

(g) the issue or requirement to issue by the Company of a supplement or amendment to this prospectus, **GREEN** Application Form or other documents in connection with the offer and sale of the H Shares pursuant to the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange, the SFC or the CSRC; or

(h) any change or development involving a prospective change which has the effect of materialisation of any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(i) any litigation or claim being threatened or instigated against the Company, any member of the Group, any Director or Dr. Liu; or

(j) any contravention of the Companies Ordinance, the PRC Company Law or the Listing Rules by the Company, any member of the Group, any Director or Dr. Liu; or

(k) any of the Directors, the chief executive officer or the chief financial officer of the Company vacating his or her office; or

(l) any investigation against the Company by any governmental authority in any Relevant Jurisdiction, or announcing an intention to investigate or take other action or proceedings by any governmental authority, against the Company, any member of the Group or any Director; or

(m) any of the executive Directors, the chief executive officer or the chief financial officer of the Company being charged with an indictable offence or prohibited by operation of Laws or otherwise disqualified from taking part in the management of a company; or

(n) any adverse change or prospective adverse change in the earnings, results of operations, business, business prospects, financial or trading position, conditions (financial or otherwise) or prospects of any member of the Group (including any litigation or claim of any third party being threatened or instigated against any member of the Group); or

(o) any order or petition for the winding-up or liquidation of any member of the Group, or any member of the Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(p) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity, which is legally enforceable;

(q) a prohibition by any governmental authority on the Company for whatever reason from allotting, issuing or selling the Offer Shares (including the Over-allotment Option Shares (if any)) pursuant to the terms of the Global Offering; or

(r) the imposition of sanctions or economic sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction on the Company or any member of the Group;

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives (A) has or will have or is likely to have a Material Adverse Change (as defined in the Hong Kong Underwriting Agreement); or (B) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interests under the International Offering; or (C) makes or will make it or is likely to make it impracticable or inadvisable or incapable to proceed with the Hong Kong Public Offering and/or the Global Offering or

the delivery of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or (D) would have or is likely to have the effect of making a material term of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents 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 Representatives (for themselves and on behalf of the Hong Kong Underwriters):

(a) that any statement contained in the Offering Documents, and/or any notices or announcements published on the website of the Stock Exchange or any press release published on the website of the Company or communications issued or made by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (but excluding the Underwriters' Information (as defined in the Hong Kong Underwriting Agreement)) was, when it was issued, or has become untrue, incomplete, incorrect in any material respect or misleading or any forecasts, estimate, expressions of opinion, intention or expectation expressed in the Offering Documents or any of such notices, announcements or communications was, when it was issued or made, not fair or honest or was not based on reasonable grounds or assumptions, when taken as a whole; or

(b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in the Offering Documents, constitutes a material omission therefrom; or

(c) any event, act or omission which gives or is likely to give rise to any liability of the Company and Dr. Liu pursuant to the indemnities given by the Company under the Hong Kong Underwriting Agreement; or

(d) any material breach of any of the obligations of the Company and Dr. Liu under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(e) a material portion of the orders in the book-building process at the time of the International Underwriting Agreement is entered into, or the investment commitments made by any cornerstone investor under the Cornerstone Investment Agreements, have been withdrawn, terminated or cancelled; or

(f) any expert, whose consent is required for the issue of this prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which it respectively appears, has withdrawn its respective consent (other than any of the Joint Sponsors) prior to the issue of the Prospectus; or

(g) the Company has withdrawn the Offering Documents or the Global Offering.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, no further shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of H shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering and the Over-allotment Option, if any, (b) pursuant to the Conversion of Unlisted Foreign Shares into H Shares, or (c) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by the Company

We have also undertaken to the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option (if any) and as disclosed in the Prospectus), at any time during the period commencing on and including the date of the Hong Kong Underwriting Agreement and ending on and including the date falling six months after the Listing Date (the "**First Six-Month Period**"), we will not, and will procure that each other member of the Group will not (and Dr. Liu shall procure that the Company will not itself and will procure that each other member of the Group not to), without the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) (such consent shall not be unreasonably withheld) 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, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or

repurchase, any legal or beneficial interest in the share capital or any other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any warrants or other rights to purchase any share capital or other securities of the Company or such other members of the Group, as applicable, or deposit any share capital or other securities of the Company or such other member of the Group, as applicable, with a depository in connection with the issue of depository 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 (legal or beneficial) of the H Shares or any other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any other securities of the Company or any shares or any other securities of such other member of the Group, as applicable); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraph (i) or (ii) above; or

(iv) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six-Month Period). We further agree that, in the event our Company is allowed to enter into any of the transactions described in paragraph (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the "**Second Six Month Period**"), we will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any H Shares or other securities of our Company.

Indemnity

We have agreed to indemnify the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in the Company

Except for its obligations under the Hong Kong Underwriting Agreement and save as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interest in the Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in the Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, it is expected that the International Underwriters would, severally and not jointly, agree to procure purchasers for, or to purchase, Offer Shares being offered pursuant to the International Offering (excluding, for the avoidance of doubt, the Offer Shares which are subject to the Over-allotment Option). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 4,628,000 H Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to, cover over-allocations in the International Offering, if any.

Commissions and Expenses

In respect of the Hong Kong Public Offering, the Hong Kong Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commissions. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the Company will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters as set out in the International Underwriting Agreement. In respect

of the International Offering, we expect to pay an underwriting commission of 3.0% of the aggregate Offer Price payable in respect of all International Offer Shares (including any International Offer Shares reallocated to the Hong Kong Public Offering and any Hong Kong Offer Shares reallocated to the International Offering). In addition we may, at our sole and absolute discretion, pay additional discretionary incentive fee of up to 1.0% of the aggregate Offer Price in respect of all Offer Shares to the Underwriters.

The aggregate commissions and fees (including the maximum discretionary incentive fee of 1.0% of the aggregate Offer Price of all the Offer Shares under the Global Offering), together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK$92.8 million, and the Over-allotment Option is not exercised at all), are payable and borne by the Company.

Joint Sponsors' Fee

An amount of US$500,000 is payable by the Company as sponsor fees to each of the Joint Sponsors, totalling an amount of US$1,500,000.

Other Services Provided by the Underwriters

The Joint Global Coordinators and the Underwriters may in their ordinary course of business provide financing to investors subscribing for the Offer Shares offered by this prospectus. Such Joint Global Coordinators and Underwriters may enter into hedges and/or dispose of such Offer Shares in relation to the financing which may have a negative impact on the trading price of the H Shares.

INDEPENDENCE OF THE JOINT SPONSORS

Each of Morgan Stanley Asia Limited and CLSA Capital Markets Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

CMB International Capital Limited, being one of the Joint Sponsors, is a wholly-owned subsidiary of CMB International Capital Corporation Limited (招銀國際金融有限公司). Jiangsu Zhaoyin Chanye Fund Management Co., Ltd. (江蘇招銀產業基金管理有限公司) ("**Jiangsu Zhaoyin**"), being a wholly-owned subsidiary of CMB International Capital Corporation Limited, is regarded as members of the sponsor group (as defined under Rule 3A.01 of the Listing Rules) of CMB International Capital Limited. Certain funds (namely, Nanjing Zhaoyin Modern Industry No. II Equity Investment Fund (Limited Partnership) (南京招銀現代產業貳號股權投資基金(有限合夥)), Nanjing Zhenyuan No. III Equity Investment Partnership (Limited Partnership) (南京甄遠三號股權投資合夥企業(有限合夥)) and Nanjing Zhaoyin Gongying Equity Investment Partnership (Limited Partnership) (南京市招銀共贏股權投資合夥企業(有限合夥)) (collectively, the "**Zhaoyin Funds**")), which collectively and beneficially held a total of approximately 5.11% interest in the Company as of the date of the

Company's listing application and will hold a total of approximately 4.78% interest in the Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), are managed by Jiangsu Zhaoyin. Therefore, Jiangsu Zhaoyin is deemed to be interested in the Shares held by the Zhaoyin Funds. In addition, Mr. Du Wei, a non-executive Director, is an executive director of CMB International Capital Management (Shenzhen) Co., Ltd. (招銀國際資本管理(深圳)有限公司), which is also a subsidiary of CMB International Capital Corporation Limited. In view of the above, CMB International Capital Limited does not satisfy 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, fund management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares, and entering into over-the-counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares. All such activity 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 H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H 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 H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the 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 H 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 and Conditions of the Global Offering" in this prospectus. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H 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 Stabilizing 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, derivative and other services to us, our affiliates or our shareholders including cornerstone investors for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to reallocation and the Over-allotment Option):

(i) the Hong Kong Public Offering of initially 3,085,500 H Shares in Hong Kong as described below in the section entitled "– The Hong Kong Public Offering" below; and

(ii) the International Offering of an aggregate of initially 27,769,000 H Shares to be offered to (i) in the United States to qualified institutional buyers in reliance on Rule 144A or another exemption from, or in transaction not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in reliance on Regulation S. At any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications in the Hong Kong Public Offering, the Joint Representatives, as representatives of the International Underwriters, have an option to require the Company to issue and allot up to an aggregate of 4,628,000 additional Offer Shares, representing approximately 15% of the initial number of Offer Shares to be offered in the Global Offering, at the Offer Price to, among other things, cover over-allocations in the International Offering, if any.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 6.44% of the enlarged issued share capital of the Company immediately after 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 will represent approximately 7.34% of the enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in the section headed "– The International Offering – Over-allotment Option" below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the section headed "– The Hong Kong Public Offering – Reallocation and Clawback" below.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 3,085,500 H Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The Hong Kong Offer Shares will represent approximately 0.64% of the Company's registered share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section headed "– Conditions of the Global Offering" below.

Allocation

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications to be received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B (with any odd lots being allocated to pool A). The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy 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 the Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly.

For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor. Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 1,542,500 Hong Kong Offer Shares (being approximately 50% of the Hong Kong Offer Shares initially available for subscription under the Hong Kong Public Offering) are 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 under the Listing Rules. 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 the International Offer Shares are fully subscribed or oversubscribed and certain prescribed total demand levels are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 9,257,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 12,342,000 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 15,428,000 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives deem appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Representatives. If the Hong Kong Offer Shares are not fully subscribed, the Joint Representatives (for themselves and on behalf of the other Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such amount as the Joint Representatives (for themselves and on behalf of the other Underwriters) deem appropriate. In addition, the Joint Representatives may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering in accordance with Guidance Letter HKEX-GL91-18. In particular, in the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, up to 3,085,500 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 6,171,000 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making 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, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he/she/it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the offer price of HK$24.80 per Hong Kong Offer Share in addition to any brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy payable on each Hong Kong Offer Share. Further details are set out below in the section entitled "How to Apply for Hong Kong Offer Shares."

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

Subject to reallocation as described above, the International Offering will consist of an initial offering of 27,769,000 International Offer Shares representing approximately 90% of the Offer Shares under the Global Offering and approximately 5.80% of the Company's enlarged share capital immediately after the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of the International Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such International Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section headed "– Pricing of the Global Offering" below 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 Offer Shares, and/or hold or sell the Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and our Shareholders as a whole.

The Joint Representatives (for themselves and on behalf of the Underwriters) may require any investor who has been offered the International 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 Representatives so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that he/she/it is excluded from any application of the Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of the Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection headed "– The Hong Kong Public Offering – Reallocation and Clawback" or 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, we are expected to grant an Over-allotment Option to the International Underwriters exercisable by the Joint Representatives on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Representatives have the right, exercisable at any time from the Listing Date until 30 days after the last day for the lodging of applications in the Hong Kong Public Offering, to require the Company to issue and allot up to an aggregate of 4,628,000 additional Offer Shares, representing approximately 15% of the initial number of Offer Shares to be offered in the Global Offering, at Offer Share to, among other things, over-allocation in the International Offering. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 0.96% of the Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made. The Joint Representatives may also cover any over-allocations by purchasing the H Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations.

STABILIZATION

Stabilization is a usual practice used by underwriters in many 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, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for them, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among others, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases to be made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, **provided that** they are made in

compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering.

The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, namely, 4,628,000 H Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocation for the purpose of preventing or minimising any reduction in the market price of the H shares;

(b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimising any deduction in the market price;

(c) subscribing, or agreeing to subscribe, for the H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, the H Shares for the sole purpose of preventing or minimising any reduction in the market price;

(e) selling the H Shares to liquidate a long position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilizing period, which begins on the day on which trading of the H Shares commences on the Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on Saturday, April 23, 2022. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the H Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by applicants. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

PRICING OF THE GLOBAL OFFERING

The Offer Price will be HK$24.80 per Offer Share unless to be otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

The Joint Representatives, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of the Company, reduce the number of Offer Shares offered in the Global Offering and/or the Offer Price 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 day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be posted on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of the Company (**www.recbio.cn**) notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised offer price will be final and conclusive. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the Offer Price may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, will under no circumstances be reduced.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Representatives may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, **provided that** the number of the initial Hong Kong Offer Shares shall not be less than 10% of the total number of Offer Shares in the Global Offering. The International Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Representatives.

The net proceeds of the Global Offering accruing to the Company (after deduction of underwriting commissions and other expenses in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$672.4 million, assuming an Offer Price per Offer Share of HK$24.80 (or if the Over-allotment Option is exercised in full, approximately HK$782.6 million, assuming an Offer Price per Offer Share of HK$24.80).

The indications of interest in the Global Offering, the results of applications and the basis of allotment of the Hong Kong Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Wednesday, March 30, 2022 on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of the Company (**www.recbio.cn**).

Reduction in Offer Price and/or number of Offer Shares

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Joint Representatives (on behalf of the Underwriters) considers it appropriate and together with the Company's consent, the Offer Price may be reduced 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 a case, the Company will as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering:

(a) issue a supplemental prospectus, as the relevant laws or government authority or regulatory authorities may require as soon as practicable following the decision to make the change, updating investors of the change in the Offer Price together with an update of all financial and other information in connection with such change;

(b) extend the period under which the Global Offering was open for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their existing subscriptions; and

(c) give potential investors who had applied for the Offer Shares the right to withdraw their applications given the change in circumstances.

In the absence of the publication of any such notice, the Offer Price shall under no circumstances be set below the Offer Price indicated in this prospectus. If the number of Offer Shares and/or the Offer Price is reduced, applicants who have submitted an application under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

Before submitting applications for Hong Kong Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the Offer Price and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

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 and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around March 24, 2022.

These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);

(ii) the execution and delivery of the International Underwriting Agreement on or around March 24, 2022; and

(iii) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

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 times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of the Company (**www.recbio.cn**) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section entitled "How to Apply for Hong Kong Offer Shares." In the meantime, all application monies will be held in (a) separate Company account(s) with the receiving banker or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Wednesday, March 30, 2022 but will only become valid evidence of title at 8:00 a.m. on Thursday, March 31, 2022 **provided that** (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section entitled "Underwriting – Underwriting Arrangements and Expenses – The Hong Kong Public Offering – Hong Kong Underwriting Agreement – Grounds for Termination" has not been exercised. Investors who trade the Offer Shares prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

ADMISSION OF THE H SHARES INTO CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and the Company complies with the stock admission requirements of HKSCC, the H 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 H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Settlement Day after any trading day.

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

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, March 31, 2022, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, March 31, 2022. The H Shares will be traded in board lots of 500 H Shares each and the stock code of the H Shares will be 02179.

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 the Prospectus or any printed copies of any application form 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.recbio.cn. If you require a printed copy of the Prospectus, you may download and print from the website addresses above.

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.

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.

1. HOW TO APPLY

We will not provide any printed application form for use by the public.

If you apply for the Hong Kong Offer Shares, then you may not apply for or indicate an interest for the International Offer Shares.

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

(1) apply online via 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 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 Representatives, 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;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If an application is made by a person under a power of attorney, the Joint Representatives 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 the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director, a Supervisor or the 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;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and/or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

Items Required for the Application

If you apply for Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

- have a valid Hong Kong identity card number; and
- 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, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (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 Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and 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 Representatives, the Joint Global Coordinators, the Joint Sponsors, 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 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 International Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, our H Share Registrar, receiving banks, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, 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 Representatives, the Joint Global Coordinators, the Joint Sponsors, 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 H 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 are eligible to collect the H 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 Representatives 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.

4. MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table below. You are required to pay the amount next to the number you select.

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	12,524.97	6,000	150,299.68	40,000	1,001,997.87	400,000	10,019,978.72
1,000	25,049.95	7,000	175,349.63	45,000	1,127,247.60	500,000	12,524,973.40
1,500	37,574.92	8,000	200,399.58	50,000	1,252,497.34	600,000	15,029,968.08
2,000	50,099.89	9,000	225,449.52	60,000	1,502,996.81	700,000	17,534,962.76
2,500	62,624.86	10,000	250,499.47	70,000	1,753,496.27	800,000	20,039,957.44
3,000	75,149.84	15,000	375,749.20	80,000	2,003,995.75	900,000	22,544,952.12
3,500	87,674.81	20,000	500,998.93	90,000	2,254,495.21	1,000,000	25,049,946.80
4,000	100,199.79	25,000	626,248.67	100,000	2,504,994.68	1,542,500(1)	38,639,542.94
4,500	112,724.76	30,000	751,498.41	200,000	5,009,989.36		
5,000	125,249.74	35,000	876,748.14	300,000	7,514,984.04		

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

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

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "Who can apply" 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.

Time for Submitting Applications under the White Form eIPO service

You may submit your application to the **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, March 21, 2022 until 11:30 a.m. on Thursday, March 24, 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, March 24, 2022 or such later time under the section headed "How to Apply for Hong Kong Offer Shares – 10. Effects of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists."

No Multiple Applications

If you apply by means of the **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application 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.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 42E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

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 "Jiangsu Recbio Technology Co., Ltd." **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. APPLYING THROUGH THE CCASS EIPO SERVICE

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

and complete an input request form.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Representatives and the H Share Registrar.

Applying through the CCASS EIPO Service

Where you have applied through the **CCASS EIPO** service (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 or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering nor participated in 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 Representatives 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 H Share register as the holder of the Hong Kong Offer Shares allocated to you and to send H 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 he application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, 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 H Share Registrar, receiving banks, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, 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 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 Ordinance, 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 H 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 the CCASS EIPO Service

By applying through the **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 Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application, refund of the application monies (including brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy) 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

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Monday, March 21, 2022 – 9:00 a.m. to 8:30 p.m.[1]

- Tuesday, March 22, 2022 – 8:00 a.m. to 8:30 p.m.[1]

- Wednesday, March 23, 2022 – 8:00 a.m. to 8:30 p.m. [1]

- Thursday, March 24, 2022 – 8:00 a.m. to 12:00 noon[1]

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, March 21, 2022 until 12:00 noon on Thursday, March 24, 2022 (24 hours daily, except on Thursday, March 24, 2022, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, March 24, 2022, the last application day or such later time as described in the section headed "– 10. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" in this section.

1 Note: 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.

If you are instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instruction 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.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the H Share Registrar, the receiving bankers, the Joint Representatives, the Joint Global Coordinators, 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 the **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 H 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 Share to supply correct personal data to the Company or its agents and the H 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 H 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 H 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 H 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 H 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 Member;
- 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 H 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' holder may from time to time agree.

Transfer of personal data

Personal data held by the Company and its H Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and its H 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 of the H Share Registrar in connection with their respective business operation;

- the Stock Exchange, the SFC and any other statutory regulatory of 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 purpose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

The Company and its H Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfill 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 H 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 H 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 H Share Registrar for the attentions of the privacy compliance officer.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares through the **CCASS EIPO** service 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 Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant applying through the **CCASS EIPO** service 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, March 24, 2022, the last day for applications, or such later time as described in "– 10. Effect of Bad Weather and/or Extreme Conditions 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 of 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 the 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 number 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 Offer Price is HK$24.80 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%. This means that for one board lot of 500 Hong Kong Offer Shares, you will pay HK$12,524.97.

You must pay the Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy 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 Offer Shares. Each application or electronic application instruction in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in "– 4. Minimum Application Amount And Permitted Numbers" in this section, 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, the Stock Exchange trading fee and FRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy and FRC transaction levy, collected by the Stock Exchange on behalf of the SFC and FRC respectively).

For further details on the Offer Price, see "Structure and Conditions of the Global Offering – Pricing of the Global Offering" in this prospectus.

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, March 24, 2022. 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 and/or Extreme Conditions 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, March 24, 2022 or if there is 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", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce 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 Wednesday, March 30, 2022 on the Company's website at **www.recbio.cn** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.recbio.cn** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Wednesday, March 30, 2022;

- 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 Wednesday, March 30, 2022 to 12:00 midnight on Tuesday, April 5, 2022; and

- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Wednesday, March 30, 2022, Thursday, March 31, 2022, Friday, April 1, 2022, and Monday, April 4, 2022.

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 and Conditions of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED 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 the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (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.

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 Representatives, 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 of the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly;

- the Underwriting Agreements do not become unconditional or are terminated;

- the Company or the Joint Representatives 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 1,542,500 Offer Shares, being approximately 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 conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure and Conditions of the Global Offering – The Hong Kong Public 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, the Stock Exchange trading fee and FRC transaction levy, 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 Wednesday, March 30, 2022.

14. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND MONIES

You will receive one H 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 H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on dispatch/collection of H Share certificates and refund monies as mentioned below, any refund cheques and H Share certificates are expected to be posted on or before Wednesday, March 30, 2022. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

H Share certificates will only become valid at 8:00 a.m. on Thursday, March 31, 2022 **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 the H Shares prior to the receipt of H Share certificates or the H 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 cheque(s) and/or H Share Certificate(s) (where applicable) from the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, March 30, 2022, or such other date as notified by the Company in the newspapers as the date of despatch/collection of H Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your H Share certificate(s) and/or refund cheques (where applicable) 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 H Share certificate(s) and/or refund cheques (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, March 30, 2022 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 the 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 H Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your H 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 Wednesday, March 30, 2022, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "*Publication of Results*" above on Wednesday, March 30, 2022. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, March 30, 2022 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 Wednesday, March 30, 2022. 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 will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, March 30, 2022.

15. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H 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 H 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 Settlement 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 H Shares to be admitted into CCASS.

JIANGSU RECBIO TECHNOLOGY CO., LTD.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JIANGSU RECBIO TECHNOLOGY CO., LTD., MORGAN STANLEY ASIA LIMITED, CMB INTERNATIONAL CAPITAL LIMITED AND CLSA CAPITAL MARKETS LIMITED

INTRODUCTION

We report on the historical financial information of Jiangsu Recbio Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-75, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2019 and 2020, and the nine months ended 30 September 2021 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2019 and 2020 and 30 September 2021 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-75 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 21 March 2022 (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 (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' 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 accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 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 accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2019 and 2020 and 30 September 2021 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the nine months ended 30 September 2020 and other explanatory information (the "Interim Comparative Financial Information").

The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements *2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes

us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 10 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants

Hong Kong
21 March 2022

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		Nine months ended 30 September	
	Notes	**2019**	**2020**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Other income and gains	*5*	12,932	9,551	5,617	25,569
Selling and distribution expenses		–	–	–	(906)
Administrative expenses		(11,774)	(18,416)	(10,613)	(117,245)
Research and development costs		(63,265)	(130,519)	(52,162)	(371,779)
Other expenses	*5*	–	(2,904)	(6)	(18)
Finance costs	*7*	(76,163)	(37,112)	(15,330)	(55,985)
LOSS BEFORE TAX	*6*	(138,270)	(179,400)	(72,494)	(520,364)
Income tax expense	*11*	–	–	–	–
LOSS FOR THE YEAR/PERIOD		(138,270)	(179,400)	(72,494)	(520,364)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(138,270)	(179,400)	(72,494)	(520,364)
Attributable to:					
Owners of the parent		(138,270)	(179,400)	(72,494)	(520,364)
		(138,270)	(179,400)	(72,494)	(520,364)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS/ ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (RMB)	*12*	(0.48)	(0.58)	(0.24)	(1.26)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	56,093	128,500	323,145
Right-of-use assets	*14*	5,667	57,675	55,135
Goodwill	*15*	9,305	9,305	9,305
Other intangible assets	*16*	22,120	22,120	22,120
Other non-current assets	*17*	22,710	120,038	150,139
Total non-current assets		**115,895**	**337,638**	**559,844**
CURRENT ASSETS				
Inventories	*18*	7,363	7,762	24,839
Prepayments, other receivables and other assets	*19*	14,163	19,903	63,614
Financial assets at fair value through profit or loss ("FVTPL")	*20*	231,885	325,890	251,194
Cash and bank balances	*21*	57,239	355,821	1,096,933
Total current assets		**310,650**	**709,376**	**1,436,580**
CURRENT LIABILITIES				
Trade payables	*22*	1,740	1,987	10,736
Other payables and accruals	*23*	12,927	51,160	93,484
Lease liabilities	*14*	3,131	4,334	4,679
Total current liabilities		**17,798**	**57,481**	**108,899**
NET CURRENT ASSETS		**292,852**	**651,895**	**1,327,681**
TOTAL ASSETS LESS CURRENT LIABILITIES		**408,747**	**989,533**	**1,887,525**
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	*24*	–	–	30,000
Redemption liabilities on owners' capital	*25*	720,366	1,952,874	–
Lease liabilities	*14*	2,398	21,791	21,792
Deferred income	*26*	–	18,122	32,244
Defer tax liabilities	*27*	5,530	5,530	5,530
Total non-current liabilities		**728,294**	**1,998,317**	**89,566**
NET (LIABILITIES)/ASSETS		**(319,547)**	**(1,008,784)**	**1,797,959**
(DEFICIENCY)/EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	*28*	29,356	36,069	–
Share capital	*28*	–	–	448,250
Reserves	*29*	(348,903)	(1,044,853)	1,349,709
Total (deficit)/equity		**(319,547)**	**(1,008,784)**	**1,797,959**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Equity attributable to owners of the parent				
		Paid-in capital	**Capital premium***	**Other reserves***	**Accumulated losses***	**Total (deficit)/ equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019		**5,560**	**–**	**5,472**	**(55,605)**	**(44,573)**
Loss and total comprehensive loss for the year		–	–	–	(138,270)	(138,270)
Deemed consideration for the reverse acquisition of a subsidiary	*31*	–	5,609	–	–	5,609
Deemed distribution for cash consideration in reverse acquisition	*31*	–	–	(11,033)	–	(11,033)
Debt forgiveness from owners	*34*	–	–	2,731	–	2,731
Capital contribution from owners		11,033	–	–	–	11,033
Capital contribution from series A financing	*25*	12,763	487,237	–	–	500,000
Recognition of redemption liabilities on series A owners' capital	*25*	–	–	(645,044)	–	(645,044)
At 31 December 2019		**29,356**	**492,846**	**(647,874)**	**(193,875)**	**(319,547)**
At 1 January 2020		**29,356**	**492,846**	**(647,874)**	**(193,875)**	**(319,547)**
Loss and total comprehensive loss for the year		–	–	–	(179,400)	(179,400)
Capital Contribution from series B financing	*25*	6,713	679,543	–	–	686,256
Recognition of redemption liabilities on series B owners' capital	*25*	–	–	(1,214,772)	–	(1,214,772)
Debt forgiveness from series A's owners	*25*	–	–	18,679	–	18,679
At 31 December 2020		**36,069**	**1,172,389**	**(1,843,967)**	**(373,275)**	**(1,008,784)**
At 1 January 2020		**29,356**	**492,846**	**(647,874)**	**(193,875)**	**(319,547)**
Loss and total comprehensive loss for the period (unaudited)		–	–	–	(72,494)	(72,494)
At 30 September 2020 (unaudited)		29,356	492,846	(647,874)	(266,369)	(392,041)

		Equity attributable to owners of the parent						
	Notes	**Paid-in capital**	**Share capital**	**Capital/ share premium***	**Other reserves***	**Share-based payment reserve***	**Accumulated losses***	**Total (deficit)/ equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021		**36,069**	**–**	**1,172,389**	**(1,843,967)**	**–**	**(373,275)**	**(1,008,784)**
Loss and total comprehensive loss for the period		–	–	–	–	–	(520,364)	(520,364)
Capital contribution from series B+ financing		1,519	–	198,481	–	–	–	200,000
Capital contribution from employee incentives platforms		1,898	–	27,052	–	–	–	28,950
Termination of redemption liabilities on series A and B owners' capital	*25*	–	–	–	2,007,905	–	–	2,007,905
Conversion into a joint stock company ("Capitalization Issue")	*28*	(39,486)	40,000	(514)	–	–	–	–
Capital contribution from series C financing		–	4,825	960,277	–	–	–	965,102
Share/capital premium transferred to share capital	*28*	–	403,425	(403,425)	–	–	–	–
Share-based payments	*30*	–	–	–	–	125,150	–	125,150
At 30 September 2021		**–**	**448,250**	**1,954,260**	**163,938**	**125,150**	**(893,639)**	**1,797,959**

* These reserve accounts comprise the consolidated reserves of RMB(348,903,000), RMB(1,044,853,000) and RMB1,349,709,000 in the consolidated statements of financial position as at 31 December 2019 and 2020 and 30 September 2021, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2019	Year ended 31 December 2020	Nine months ended 30 September 2020	Nine months ended 30 September 2021
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax:		(138,270)	(179,400)	(72,494)	(520,364)
Adjustments for:					
Bank interest income	*5*	(2,001)	(2,625)	(1,671)	(6,922)
Depreciation of property, plant and equipment	*6/13*	1,452	6,556	4,138	10,394
Depreciation of right-of-use assets	*6/14*	2,874	6,207	3,809	5,621
Loss on disposal of items of property, plant and equipment	*5*	–	24	6	17
Finance costs	*7*	76,163	37,112	15,330	55,985
Net gains from changes in fair value of financial assets at FVTPL	*5*	(10,647)	(5,405)	(3,777)	(9,729)
Foreign exchange (gains)/losses, net	*5*	–	2,880	–	(5,505)
Share-based payments	*30*	–	–	–	125,150
Increase in inventories		(7,018)	(399)	(57)	(17,077)
Increase in prepayments, other receivables and other assets		(10,004)	(5,668)	(1,240)	(33,810)
Increase in trade payables		963	247	173	8,749
(Decrease)/Increase in other payables and accruals		(52,151)	52,013	11,903	32,686
Increase in other non-current assets		–	–	–	(2,094)
Increase in deferred income		–	18,122	–	14,122
Net cash flows used in operating activities		(138,639)	(70,336)	(43,880)	(342,777)

	Notes	Year ended 31 December 2019	Year ended 31 December 2020	Nine months ended 30 September 2020	Nine months ended 30 September 2021
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	*5*	2,001	2,625	1,671	6,922
Proceeds from disposal of items of property, plant and equipment		194	6	–	–
Purchase of items of property, plant and equipment		(78,966)	(138,288)	(36,805)	(195,773)
Prepayment of leasehold land		–	(32,445)	(32,445)	–
Purchase of time deposits	*17/21*	(50,000)	(50,000)	(50,000)	(40,000)
Proceeds from time deposits		–	50,000	50,000	–
(Increase)/Decrease of financial products included in financial assets at FVTPL		(230,000)	(95,000)	125,000	75,000
Acquisition of a subsidiary	*31*	2,370	–	–	–
Proceeds from investment income of financial products included in financial assets at FVTPL		8,762	4,515	3,258	8,535
Net cash flows (used in)/from investing activities		(345,639)	(258,587)	60,679	(145,316)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipt of bank loans	*24*	–	–	–	30,000
Repayment of bank loans		(5,976)	–	–	–
Interest paid	*7*	(596)	–	–	–
Repayment of lease payments	*14*	(3,257)	(5,871)	(4,288)	(4,177)
Capital contribution from owners	*31*	11,033	–	–	–
Deemed distribution for cash consideration in reverse acquisition	*31*	(11,033)	–	–	–
Proceeds from series A financing	*29*	500,000	–	–	–
Proceeds from series B financing	*29*	–	686,256	–	–
Proceeds from series B+ financing	*29*	–	–	–	200,000
Proceeds from employee incentives platforms	*29*	–	–	–	28,950
Proceeds from series C financing	*29*	–	–	–	965,102
Payments of listing expense		–	–	–	(6,175)
Net cash flows from/(used in) financing activities		490,171	680,385	(4,288)	1,213,700

	Notes	Year ended 31 December 2019	Year ended 31 December 2020	Nine months ended 30 September 2020	Nine months ended 30 September 2021
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,893	351,462	12,511	725,607
Cash and cash equivalents at beginning of year/period		1,346	7,239	7,239	355,821
Effect of foreign exchange differences, net		–	(2,880)	–	5,505
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		7,239	355,821	19,750	1,086,933
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	*21*	57,239	355,821	19,750	1,096,933
Time deposits with original maturity of more than three months		(50,000)	–	–	(10,000)
Cash and cash equivalents as stated in the statement of cash flows		7,239	355,821	19,750	1,086,933

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	52,618	115,732	301,972
Right-of-use assets	*14*	2,696	40,442	38,249
Investments in a subsidiaries		11,033	11,033	11,033
Other non-current assets	*17*	22,620	113,507	139,138
Total non-current assets		**88,967**	**280,714**	**490,392**
CURRENT ASSETS				
Inventories	*18*	7,300	7,702	24,701
Prepayments, other receivables and other assets	*19*	84,488	151,541	267,876
Financial assets at FVTPL	*20*	231,885	325,890	251,194
Cash and bank balances	*21*	56,684	354,071	1,096,820
Total current assets		**380,357**	**839,204**	**1,640,591**
CURRENT LIABILITIES				
Trade payables	*22*	1,084	1,092	9,203
Lease liabilities	*14*	809	717	669
Other payables and accruals	*23*	5,998	39,412	79,968
Total current liabilities		**7,891**	**41,221**	**89,840**
NET CURRENT ASSETS		**372,466**	**797,983**	**1,550,751**
TOTAL ASSETS LESS CURRENT LIABILITIES		**461,433**	**1,078,697**	**2,041,143**
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	*24*	–	–	30,000
Redemption liabilities on owners' capital	*25*	720,366	1,952,874	–
Lease liabilities	*14*	1,912	8,157	8,236
Deferred income	*26*	–	18,122	32,244
Total non-current liabilities		**722,278**	**1,979,153**	**70,480**
NET (LIABILITIES)/ASSETS		**(260,845)**	**(900,456)**	**1,970,663**
(DEFICIENCY)/EQUITY				
Paid-in capital	*28*	29,356	36,069	–
Share capital	*28*	–	–	448,250
Reserves	*29*	(290,201)	(936,525)	1,522,413
Total (deficit)/equity		**(260,845)**	**(900,456)**	**1,970,663**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Jiangsu Recbio Technology Co., Ltd. (the "Company") was a limited liability company established in Taizhou, Jiangsu Province of the People's Republic of China (the "PRC") on 18 May 2012. On 9 May 2021, the Company was converted into a joint stock company under the Company Law of the PRC. The registered office of the Company is located at Room A217, Vaccine Engineering Centre, China Medical City High-tech Development Zone, Taizhou, Jiangsu Province, PRC.

During the Relevant Periods, Jiangsu Recbio Technology Co., Ltd. and its subsidiaries (collectively referred to as the "Group") were principally engaged in the research and development of vaccines in Mainland China.

As at the date of this report, Jiangsu Recbio Technology Co., Ltd. had direct interest in the following principal subsidiaries, the particulars of which are as follows:

Name	*Note*	Place and date of incorporation/ registration and place of business	Registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Beijing ABZYMO Biosciences Co., Ltd.* ("Beijing ABZYMO") 北京安百勝生物科技有限公司	*(a)*	PRC/Mainland China 7 March 2011	RMB11,032,500	100%	–	Research and development
Wuhan Recogen Biotechnology Co., Ltd.* 武漢瑞科吉生物科技有限公司		PRC/Mainland China 28 September 2021	RMB10,000,000	55%	–	Research and development
Wuhan Ruike Technology Co., Ltd * 武漢瑞科生物技術有限公司		PRC/Mainland China 28 September 2021	RMB100,000,000	100%	–	Research and development

* The English name of the company registered in the PRC represent the best efforts made by management in directly translating the Chinese name of the company as no English name has been registered or is available.

Note:

(a) The statutory financial statements of Beijing ABZYMO for the years ended 31 December 2019 and 2020 prepared in accordance with PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Taizhou Fangcheng Certified Public Accountants LLP (泰州方成會計師事務所(普通合夥)) which is a certified public accountants registered in the PRC.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for accounting periods beginning on 1 January 2021, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods, and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at FVTPL which have been measured at fair value, as disclosed in note 20 to the Historical Financial Information.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the Relevant Periods and the nine months ended 30 September 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group 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 (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The consolidated financial statements prepared following a reverse acquisition are issued under the name of the Company which is the legal parent (the accounting acquiree), but represent the continuation of the financial statements of Beijing ABZYMO which is the legal subsidiary (the accounting acquirer) except for its capital structure. The accounting acquirer's legal capital is adjusted retroactively to reflect the legal capital of the legal parent (the accounting acquiree).

The consolidated financial statements prepared following a reverse acquisition reflect:

(a) the assets and liabilities of the legal subsidiary (the accounting acquirer) were recognized and measured at their pre-combination carrying amounts;

(b) the assets and liabilities of the legal parent (the accounting acquiree) were recognized and measured in accordance with IFRS 3 (i.e. the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values);

(c) the excess of the fair value of the consideration transferred by the legal subsidiary (the accounting acquirer), over the fair value of the identifiable assets and liabilities of the legal parent (the accounting acquiree) at the completion date of the reverse acquisition was recognized as goodwill in the consolidated statement of financial position;

(d) the retained earnings and other equity balances recognized in the consolidated statement of financial position were the retained earnings and other equity balances of the legal subsidiary (the accounting acquirer) immediately before the completion of the reverse acquisition;

(e) the amount recognized as equity in the consolidated financial statements determined by adding the equity of the legal subsidiary (the accounting acquirer) immediately before the business combination to the fair value of the legal parent (the accounting acquiree);

(f) the equity structure (i.e. the number and type of equity interests) reflects the equity structure of the legal parent (the accounting acquiree), including the equity interests the legal parent (the accounting acquiree) issued to effect the combination;

(g) the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019 reflected the combination of the results of the legal subsidiary (the accounting acquirer) for the whole year and the results of the legal parent (the accounting acquiree) after the completion of the reverse acquisition.

Further details regarding to business combination are contained in note 31 to the Historical Financial Information.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same Relevant Periods and the nine months ended 30 September 2020 as the Company, using consistent accounting policies. The results of the subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the ordinary owners/ordinary equity holders of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2,4]
Amendments to IFRS 17	*Insurance Contracts*[2,4]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS standards 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 On 25 June 2020, the IASB issued the amendments to IFRS 17 which included a deferral of the effective date of IFRS 17 to annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted for entities that apply IFRS 9 on or before the date of initial application of IFRS 17. Accordingly, qualifying insurers could apply both standards (IFRS 9 and IFRS 17) for the first time to annual reporting periods beginning on or after 1 January 2023. As a consequence of the amendments to IFRS 17, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new or revised IFRSs upon initial application. Up to now, the Group considers that these standards will not have a significant impact on the Group's financial performance and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its impairment test of goodwill at the end of each of the Relevant Periods and the nine months ended 30 September 2020. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each of the Relevant Periods and nine months ended 30 September 2020. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and other non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods and the nine months ended 30 September 2020 as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Leasehold improvements	Over the shorter of the lease terms and 5 years
Plant and machinery	3-10 years
Furniture and fixtures	2 years
Computer and office equipment	2-3 years
Motor vehicles	10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents an asset under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Intangible assets not yet available for intended use is also tested for impairment annually.

Research and development costs

During the Relevant Periods and the nine months ended 30 September, 2020, all research costs were charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Properties	2-5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets measured at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognized as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods and the nine months ended 30 September 2020, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank borrowings, lease liabilities and redemption liabilities on owners' capital.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, interest-bearing bank borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liabilities simultaneously.

Redemption liabilities on owners' capital

For the redeemable owners' capital issued by the Company as detailed in note 25, financial liabilities are recognized based on the net present value of the redemption amount and debited to equity. Changes of net present value during the Relevant Periods and the nine months ended 30 September 2020 are recognized in profit or loss. When the redemption rights related to the redeemable owners' capital are terminated, redemption liabilities on owners' capital are extinguished and credited to equity.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is based on the estimated selling price less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and cash at banks, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of each of the Relevant Periods and the nine months ended 30 September 2020 of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods and the nine months ended 30 September 2020, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiary, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiary, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

The Company operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow model, further details of which are given in note 30 to the Historical Financial Information.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of the Relevant Periods and the nine months ended 30 September 2020 until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

For awards that do not ultimately vest because service conditions have not been met, no expense is recognized.

Other employee benefits

Pension scheme

The employees of the Company and its subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Dividends

Dividends are recognized as a liability when they are approved by the owners/shareholders in a general meeting.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods and the nine months ended 30 September 2020. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non- monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information:

Research and development expenses

Research and development expenses incurred on the Group's vaccine product pipelines are capitalized and deferred 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. Research and development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. All expenses incurred for research and development activities were regarded as research expenses and, therefore, were expensed when incurred.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods and the nine months ended 30 September 2020, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

Intangible assets not yet available for intended use is also tested for impairment annually. The Group assesses the impairment of the intangible assets not yet available at the end of each of the Relevant Periods and the nine months ended 30 September 2020. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales

transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives and residual values of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charge where useful lives are less than previously estimated lives.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 11 to the Historical Financial Information.

Share-based payments

The Group has set up two employee incentive platforms for the Company's directors and the Group's employees. The fair value of the restricted shares are determined by the discounted cash flow model at the grant dates. Valuation techniques are certified by an independent valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Some inputs, such as the discount rate for lack of marketability ("DLOM"), discount rate and terminal growth rate, require management estimates. Should any of the estimates and assumptions change, it may lead to a change in the fair value to be recognized in profit or loss. Further details are contained in note 30.

Incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiary that does not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

Segment information

For the purposes of resource allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Geographical information

The Group's non-current assets are all located in the PRC, and accordingly, no further related geographical information of non-current assets is presented.

Information about major customers

No revenue was generated by the Group during the Relevant Periods, and accordingly, no analysis of customers is to be disclosed.

5. OTHER INCOME AND GAINS, AND OTHER EXPENSES

An analysis of other income and gains is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Nine months ended 30 September 2020	Nine months ended 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Other income				
Government grants related to income *(i)*	239	1,458	139	3,410
Bank interest income	2,001	2,625	1,671	6,922
Others	45	63	30	3
	2,285	4,146	1,840	10,335
Gains				
Gain on fair value changes of financial assets	10,647	5,405	3,777	9,729
Foreign exchange gains, net	–	–	–	5,505
	10,647	5,405	3,777	15,234
	12,932	9,551	5,617	25,569

(i) The government grants and subsidies related to income have been received to compensate for the Group's research and development expenditures and business operations.

An analysis of other expenses is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Nine months ended 30 September 2020	Nine months ended 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Loss on disposal of items of property, plant and equipment	–	24	6	17
Foreign exchange losses, net	–	2,880	–	–
Others	–	–	–	1
	–	2,904	6	18

6. LOSS BEFORE INCOME TAX

The Group's loss before tax is arrived at after charging/(crediting):

		Year ended 31 December		Nine months ended 30 September	
	Notes	**2019**	**2020**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Depreciation of property, plant and equipment*	*13*	1,452	6,556	4,138	10,394
Depreciation of right-of-use assets*	*14(a)*	2,874	6,207	3,809	5,621
Interest on lease liabilities	*14(b)*	245	697	380	954
Expense relating to short-term leases*	*14(c)*	288	432	144	418
Research and development costs		63,265	130,519	52,162	371,779
Loss on disposal of items of property, plant and equipment	*5*	–	24	6	17
Gain on fair value changes of financial assets	*5*	(10,647)	(5,405)	(3,777)	(9,729)
Government grants related to income	*5*	(239)	(1,458)	(139)	(3,410)
Foreign exchange differences, net	*5*	–	2,880	–	(5,505)
Interest on interest-bearing bank borrowings	*7*	596	–	–	–
Bank interest income	*5*	(2,001)	(2,625)	(1,671)	(6,922)
Auditor's remuneration		6	15	–	451
Listing expense		–	–	–	16,052
Employee benefit expense* (excluding directors', chief executive's and supervisors' remuneration):					
Wages and salaries		31,432	43,460	28,666	62,250
Share-based payments expense		–	–	–	39,433
Pension scheme contributions, social welfare and other welfare		1,647	363	1,999	5,816
Interest charge for redemption liabilities	*25*	75,322	36,415	14,950	55,031

* The depreciation of property, plant and equipment, depreciation of right-of-use assets (excluding capitalized part), expense relating to short-term leases and employee benefit expense for the Relevant Periods and the nine months ended 30 September 2020 are set out in "Administrative expenses" and "Research and development costs" in the consolidated statements of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Nine months ended 30 September 2020	Nine months ended 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Interest on bank borrowings	596	–	–	1,148
Less: Interest capitalized	–	–	–	1,148
Interest on redemption liabilities on owners' capital *(note 25)*	75,322	36,415	14,950	55,031
Interest on lease liabilities *(note 14)*	245	697	380	954
	76,163	37,112	15,330	55,985

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration for the Relevant Periods and the nine months ended 30 September 2020, disclosed pursuant to the Listing Rules and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Nine months ended 30 September 2020	Nine months ended 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Fees	–	160	50	521
Other emoluments:				
Salaries, allowances and benefits in kind	1,476	2,038	1,348	2,642
Performance related bonuses	1,052	2,326	1,649	2,892
Share-based payments *(Note 30)*	–	–	–	85,717
Pension scheme contributions	129	22	18	187
	2,657	4,546	3,065	91,959

Directors

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019						
Executive directors:						
Mr. Yong Liu *(a)*	–	559	560	50	–	1,169
Mr. Yue Yu *(l)*	–	419	419	19	–	857
Non-executive directors:						
Mr. Yanfa Tang *(k)*	–	–	–	–	–	–
Mr. Xingfa Li *(j)*	–	–	–	–	–	–
Mr. Jianhang Wang *(i)*	–	–	–	–	–	–
Mr. Hui Zhao *(e)*	–	–	–	–	–	–
Mr. Wei Du *(e)*	–	–	–	–	–	–
	–	978	979	69	–	2,026

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020						
Executive directors:						
Mr. Yong Liu *(a)*	–	549	938	8	–	1,495
Mr. Yue Yu *(l)*	–	412	465	2	–	879
Mr. Jianping Chen *(b)*	–	463	621	4	–	1,088
Non-executive directors:						
Mr. Hongbin Zhou *(d)*	–	–	–	–	–	–
Mr. Hui Zhao *(e)*	–	–	–	–	–	–
Mr. Wei Du *(e)*	–	–	–	–	–	–
Mr. Tao Feng *(d)*	80	–	–	–	–	80
Mr. Jianhang Wang *(i)*	–	–	–	–	–	–
Mr. Yanfa Tang *(k)*	–	–	–	–	–	–
Mr. Xingfa Li *(j)*	–	–	–	–	–	–
	80	1,424	2,024	14	–	3,542

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Nine months ended 30 September 2020 (unaudited)						
Executive directors:						
Mr. Yong Liu *(a)*	–	412	703	8	–	1,123
Mr. Bu Li *(c)*	–	167	373	–	–	540
Mr. Yue Yu *(l)*	–	309	348	2	–	659
Non-executive directors:						
Mr Tao Feng *(d)*	–	–	–	–	–	–
Mr. Hui Zhao *(e)*	–	–	–	–	–	–
Mr. Wei Du *(e)*	–	–	–	–	–	–
Mr. Jianhang Wang *(i)*	–	–	–	–	–	–
Mr. Xingfa Li (j)	–	–	–	–	–	–
Mr. Yanfa Tang *(k)*	–	–	–	–	–	–
	–	888	1,424	10	–	2,322

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Nine months ended 30 September 2021						
Executive directors:						
Mr. Yong Liu *(a)*	–	913	1,369	39	70,276	72,597
Mr. Jianping Chen *(b)*	–	530	795	39	6,318	7,682
Mr. Bu Li *(c)*	–	396	594	39	6,419	7,448
Non-executive directors:						
Mr. Kunxue Hong *(q)*	–	–	–	–	2,075	2,075
Mr. Tao Feng *(d)*	100	–	–	–	–	100
Mr. Hongbin Zhou *(d)*	–	–	–	–	–	–
Mr. Hui Zhao *(e)*	–	–	–	–	–	–
Mr. Wei Du *(e)*	–	–	–	–	–	–
Mr. Feng Gao *(q)*	105	–	–	–	–	105
Mr. Guodong Liang *(q)*	105	–	–	–	–	105
Mr. Minghui Yuan *(q)*	105	–	–	–	–	105
Mr. Lijun Xia *(r)*	69	–	–	–	–	69
Mr. Jinlong Guo *(p)*	37	–	–	–	–	37
	521	1,839	2,758	117	85,088	90,323

Supervisors

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019						
Ms. Hongyang Wang *(g)*	–	343	53	40	–	436
Ms. Hong Qin *(m)*	–	155	20	20	–	195
Mr. Yaming Xu *(h)*	–	–	–	–	–	–
Ms. Yangyang Zhang *(n)*	–	–	–	–	–	–
Mr. Tao Feng *(o)*	–	–	–	–	–	–
	–	498	73	60	–	631

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020						
Ms. Hong Qin *(m)*	–	122	31	3	–	156
Ms. Hongyang Wang *(g)*	–	412	61	5	–	478
Mr. Yaming Xu *(h)*	–	–	–	–	–	–
Mr. Gang Chen *(f)*	–	–	–	–	–	–
Mr. Zhongcai Gu *(f)*	–	–	–	–	–	–
Ms. Yangyang Zhang *(n)*	–	80	210	–	–	290
Mr. Tao Feng *(o)*	80	–	–	–	–	80
	80	614	302	8	–	1,004

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Nine months ended 30 September 2020 (unaudited)						
Ms. Hong Qin *(m)*	–	91	23	3	–	117
Ms. Hongyang Wang *(g)*	–	309	45	5	–	359
Mr. Yaming Xu *(h)*	–	–	–	–	–	–
Ms. Yangyang Zhang	–	60	157	–	–	217
Mr. Tao Feng	50	–	–	–	–	50
	50	460	225	8	–	743

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Nine months ended 30 September 2021						
Ms. Hong Qin *(m)*	–	233	39	17	212	501
Ms. Hongyang Wang *(g)*	–	238	40	25	47	350
Mr. Yaming Xu *(h)*	–	–	–	–	–	–
Mr. Gang Chen *(f)*	–	–	–	–	–	–
Mr. Zhongcai Gu *(f)*	–	–	–	–	–	–
Ms. Weiwei Qiao *(s)*	–	332	55	28	370	785
Mr. Ranting Qian *(t)*	–	–	–	–	–	–
	–	803	134	70	629	1,636

There was no arrangement under which a director, supervisor or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the nine months ended 30 September 2020.

Notes:

(a) Mr. Yong Liu was appointed as an executive director on 25 January 2019, and he is also the chief executive officer of the Company.

(b) Mr. Jianping Chen was appointed as an executive director on 5 November 2020.

(c) Mr. Bu Li was appointed as an executive director on 27 March 2021.

(d) Mr. Hongbin Zhou and Mr. Tao Feng were appointed as non-executive directors on 2 November 2020.

(e) Mr. Hui Zhao and Mr. Wei Du were appointed as non-executive directors on 24 January 2019.

(f) Mr. Gang Chen and Mr. Zhongcai Gu were appointed as supervisors on 2 November 2020.

(g) Ms. Hongyang Wang was appointed as a supervisor on 24 January 2019.

(h) Mr. Yaming Xu was appointed as a supervisor on 7 August 2019.

(i) Mr. Jianhang Wang was appointed as a non-executive director on 24 January 2019, and resigned from the position on 2 November 2020.

(j) Mr. Xingfa Li was appointed as a non-executive director on 24 January 2019, and resigned from the position on 2 November 2020.

(k) Mr. Yanfa Tang was appointed as a non-executive director on 24 January 2019, and resigned from the position on 2 November 2020.

(l) Mr. Yue Yu was appointed as a non-executive director on 24 January 2019, and resigned from the position 2 November 2020.

(m) Ms. Hong Qin was appointed as a supervisor on 30 November 2018, and resigned from the position on 9 May 2021.

(n) Ms. Yangyang Zhang was appointed as a supervisor on 24 January 2019, and resigned from the position on 6 November 2020.

(o) Mr. Tao Feng was appointed as a supervisor on 8 August 2019, and resigned from the position on 2 November 2020.

(p) Mr. Jinlong Guo was appointed as a non-executive director on 9 May 2021 and resigned from the position on 28 June 2021.

(q) Mr. Kunxue Hong, Mr. Feng Gao, Mr.Guodong Liang and Mr. Minghui Yuan were appointed as non-executive director on 9 May 2021.

(r) Mr. Lijun Xia was appointed as a non-executive director on 28 June 2021.

(s) Ms. Weiwei Qiao was appointed as supervisor on 9 May 2021.

(t) Ms. Ranting Qian was appointed as supervisor on 25 May 2021.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2020 and 30 September 2021 included two, three, three and three directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining three, two, two and two highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and the nine months ended 30 September 2020 are as follows:

	Year ended 31 December, 2019	Year ended 31 December, 2020	Nine months ended 30 September 2020	Nine months ended 30 September 2021
			(unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	1,684	649	667	730
Performance related bonuses	1,020	875	749	1,095
Share-based payments	–	–	–	10,708
Pension scheme contributions	150	3	6	57
	2,854	1,527	1,422	12,590

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Nine months ended 30 September 2020	Nine months ended 30 September 2021
			(unaudited)	
Nil to HK$1,000,000	1	2	2	–
HK$1,000,001 to HK$1,500,000	2	–	–	–
HK$6,500,001 to HK$7,000,000	–	–	–	1
HK$8,500,001 to HK$9,000,000	–	–	–	1

During the Relevant Periods and the nine months ended 30 September 2020, shares were granted to certain highest paid employees in respect of their contributions and future services to the Group, further details of which are set out in note 30 to the Historical Financial Information. The fair value of such awarded shares, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and the nine months ended 30 September 2020 is included in the above highest paid employees' remuneration disclosures.

10. DIVIDEND

No dividends have been paid or declared by the Company during the Relevant Periods and the nine months ended 30 September 2020.

11. INCOME TAX

Pursuant to the Enterprise Income Tax of the PRC and the respective regulations (the "EIT law"), the basic tax rate of the Group is at a rate of 25% on their respective taxable income.

The Group's PRC entities are in a loss position and have no estimated assessable profits.

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "EIT Law"), the Company is subject to EIT at a rate of 25% on the taxable income. Beijing ABZYMO obtained its certificate of high-technology enterprise on 15 October 2019 and is subject to income tax at 15% for three years of 2019 to 2021.

	Year ended 31 December 2019	Year ended 31 December 2020	Nine months ended 30 September 2020	Nine months ended 30 September 2021
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current income tax				
Charge for the year/period	–	–	–	–
Deferred income tax	–	–	–	–
Total tax (credit)/charge for the year/period	–	–	–	–

A reconciliation of the tax expense applicable to loss before tax using the statutory rate for the jurisdictions in which the Company and its subsidiary is domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Nine months ended 30 September 2020	Nine months ended 30 September 2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss before tax	(138,270)	(179,400)	(72,494)	(520,364)
Tax at the statutory tax rate (25%)	(34,568)	(44,850)	(18,123)	(130,091)
Lower tax rates for specific provinces or enacted by local authority	3,172	4,962	2,966	6,438
Expenses not deductible for tax	18,950	9,339	3,855	45,410
Additional deductible allowance for qualified research and development costs	(8,438)	(22,203)	(7,944)	(53,600)
Tax losses and deductible temporary differences not recognized	20,884	52,752	19,246	131,843
Tax charge at the Group's effective rate	–	–	–	–

The Group has accumulated tax losses of RMB162,046,000, RMB367,007,000 and RMB886,640,000 as at 31 December 2019 and 2020 and 30 September 2021, respectively, that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose. The Group has deductible temporary differences of RMB8,996,000, RMB46,488,000 and RMB90,796,000 at 31 December 2019 and 2020 and 30 September 2021, respectively, which are mainly related to unpaid accrued expenses.

Deferred tax assets have not been recognized in respect of these losses and temporary differences as they have arisen in the Group that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

Deferred tax assets have not been recognized in respect of the following items:

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	31,900	75,114	194,517
Deductible temporary differences	1,656	11,014	22,667
	33,556	86,128	217,184

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts for the years ended 31 December 2019 and 2020 and the period ended 30 September 2020 and 2021, is based on the loss for the years or period attributable to ordinary owners/ordinary equity holders of the parent and the weighted average number of ordinary shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the Company's Capitalization Issue and the share capital transfer from capital premium had been in effect on 1 January 2019 as disclosed in Note 28 to the Historical Financial Information.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2019 and 2020, and the nine months ended 30 September 2020 and 2021 in respect of a dilution as the impact of the redemption liabilities on owner's capital had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	Year ended 31 December		Nine months ended 30 September	
	2019	2020	2020	2021
Loss				
Loss attributable to ordinary owners/ordinary equity holders of the parent, used in the basic and diluted loss per share calculation (RMB'000)	(138,270)	(179,400)	(72,494)	(520,364)
Shares				
Weighted average number of ordinary shares assumed to be in issue during the year/period used in the basic and diluted loss per share calculation	287,092,170	308,530,830	297,383,029	412,409,834
Loss per share (basic and diluted) (RMB per share)	(0.48)	(0.58)	(0.24)	(1.26)

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computer and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2019							
At 1 January 2019:							
Cost	206	2,727	3	61	–	–	2,997
Accumulated depreciation and impairment	(103)	(1,336)	(1)	(31)	–	–	(1,471)
Net carrying amount	103	1,391	2	30	–	–	1,526
At 1 January 2019, net of accumulated depreciation and impairment	103	1,391	2	30	–	–	1,526
Additions	–	38,769	29	657	691	15,766	55,912
Acquisition of a subsidiary	–	288	–	13	–	–	301
Disposals	–	(191)	–	(3)	–	–	(194)
Depreciation provided during the year	(103)	(1,168)	(4)	(126)	(51)	–	(1,452)
At 31 December 2019, net of accumulated depreciation and impairment	–	39,089	27	571	640	15,766	56,093
At 31 December 2019:							
Cost	–	41,932	32	762	691	15,766	59,183
Accumulated depreciation and impairment	–	(2,843)	(5)	(191)	(51)	–	(3,090)
Net carrying amount	–	39,089	27	571	640	15,766	56,093

Group

	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computer and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020							
At 1 January 2020:							
Cost	–	41,932	32	762	691	15,766	59,183
Accumulated depreciation and impairment	–	(2,843)	(5)	(191)	(51)	–	(3,090)
Net carrying amount	–	39,089	27	571	640	15,766	56,093
At 1 January 2020, net of accumulated depreciation and impairment	–	39,089	27	571	640	15,766	56,093
Additions	–	20,577	23	465	575	57,354	78,994
Disposals	–	(29)	–	(2)	–	–	(31)
Transfers	15,635	–	–	–	–	(15,635)	–
Depreciation provided during the year	(1,117)	(4,919)	(23)	(372)	(125)	–	(6,556)
At 31 December 2020, net of accumulated depreciation and impairment	14,518	54,718	27	662	1,090	57,485	128,500
At 31 December 2020:							
Cost	15,635	62,223	55	1,194	1,266	57,485	137,858
Accumulated depreciation and impairment	(1,117)	(7,505)	(28)	(532)	(176)	–	(9,358)
Net carrying amount	14,518	54,718	27	662	1,090	57,485	128,500

Group

	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computer and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 September 2021							
At 1 January 2021:							
Cost	15,635	62,223	55	1,194	1,266	57,485	137,858
Accumulated depreciation and impairment	(1,117)	(7,505)	(28)	(532)	(176)	–	(9,358)
Net carrying amount	14,518	54,718	27	662	1,090	57,485	128,500
At 1 January 2021, net of accumulated depreciation and impairment	14,518	54,718	27	662	1,090	57,485	128,500
Additions	–	28,129	91	1,068	912	174,856	205,056
Disposals	–	(16)	–	(1)	–	–	(17)
Transfers	10,051	2,664	–	–	–	(12,715)	–
Depreciation provided during the period	(4,006)	(5,680)	(24)	(415)	(269)	–	(10,394)
At 30 September 2021, net of accumulated depreciation and impairment	20,563	79,815	94	1,314	1,733	219,626	323,145
At 30 September 2021:							
Cost	25,686	92,960	146	2,258	2,178	219,626	342,854
Accumulated depreciation and impairment	(5,123)	(13,145)	(52)	(944)	(445)	–	(19,709)
Net carrying amount	20,563	79,815	94	1,314	1,733	219,626	323,145

Company

	Plant and machinery	Furniture and fixtures	Computer and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2019						
At 1 January 2019:						
Cost	726	–	47	–	–	773
Accumulated depreciation and impairment	(438)	–	(34)	–	–	(472)
Net carrying amount	288	–	13	–	–	301
At 1 January 2019, net of accumulated depreciation and impairment	288	–	13	–	–	301
Additions	36,272	18	475	691	15,766	53,222
Depreciation provided during the year	(768)	(2)	(84)	(51)	–	(905)
At 31 December 2019, net of accumulated depreciation and impairment	35,792	16	404	640	15,766	52,618
At 31 December 2019:						
Cost	36,998	18	522	691	15,766	53,995
Accumulated depreciation and impairment	(1,206)	(2)	(118)	(51)	–	(1,377)
Net carrying amount	35,792	16	404	640	15,766	52,618

Company

	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computer and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020							
At 1 January 2020:							
Cost	–	36,998	18	522	691	15,766	53,995
Accumulated depreciation and impairment	–	(1,206)	(2)	(118)	(51)	–	(1,377)
Net carrying amount	–	35,792	16	404	640	15,766	52,618
At 1 January 2020, net of accumulated depreciation and impairment	–	35,792	16	404	640	15,766	52,618
Additions	–	18,814	14	230	575	49,390	69,023
Disposals	–	(5)	–	–	–	–	(5)
Transfers	15,635	–	–	–	–	(15,635)	–
Depreciation provided during the year	(1,117)	(4,425)	(12)	(225)	(125)	–	(5,904)
At 31 December 2020, net of accumulated depreciation and impairment	14,518	50,176	18	409	1,090	49,521	115,732
At 31 December 2020:							
Cost	15,635	55,779	32	752	1,266	49,521	122,985
Accumulated depreciation and impairment	(1,117)	(5,603)	(14)	(343)	(176)	–	(7,253)
Net carrying amount	14,518	50,176	18	409	1,090	49,521	115,732

Company

	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computer and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 September 2021							
At 1 January 2021:							
Cost	15,635	55,779	32	752	1,266	49,521	122,985
Accumulated depreciation and impairment	(1,117)	(5,603)	(14)	(343)	(176)	–	(7,253)
Net carrying amount	14,518	50,176	18	409	1,090	49,521	115,732
At 1 January 2021, net of accumulated depreciation and impairment	14,518	50,176	18	409	1,090	49,521	115,732
Additions	–	20,118	48	705	912	172,580	194,363
Disposals	–	(5)	–	–	–	–	(5)
Transfers	–	2,664	–	–	–	(2,664)	–
Depreciation provided during the period	(2,513)	(5,076)	(14)	(246)	(269)	–	(8,118)
At 30 September 2021, net of accumulated depreciation and impairment	12,005	67,877	52	868	1,733	219,437	301,972
At 30 September 2021:							
Cost	15,635	78,552	80	1,457	2,178	219,437	317,339
Accumulated depreciation and impairment	(3,630)	(10,675)	(28)	(589)	(445)	–	(15,367)
Net carrying amount	12,005	67,877	52	868	1,733	219,437	301,972

14. LEASES

As a lessee

The Group has lease contracts for various items of leasehold land and properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

Group

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Leasehold land*	**Properties**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2019	–	–	–
Additions	–	5,120	5,120
Addition of subsidiary	–	3,421	3,421
Depreciation charge	–	(2,874)	(2,874)
At 31 December 2019	–	5,667	5,667
At 1 January 2020	–	5,667	5,667
Additions	32,445	25,770	58,215
Depreciation charge	(487)	(5,720)	(6,207)
At 31 December 2020	31,958	25,717	57,675
At 1 January 2021	31,958	25,717	57,675
Additions	–	3,648	3,648
Disposals	–	(80)	(80)
Depreciation charge	(487)	(5,621)	(6,108)
At 30 September 2021	31,471	23,664	55,135

* The leasehold land is pledged for the interest-bearing bank borrowing in note 24 to the Historical Financial Information.

Company

	Leasehold land	Properties	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2019	–	–	–
Additions	–	3,421	3,421
Depreciation charge	–	(725)	(725)
At 31 December 2019	–	2,696	2,696
At 1 January 2020	–	2,696	2,696
Additions	32,445	7,225	39,670
Depreciation charge	(487)	(1,437)	(1,924)
At 31 December 2020	31,958	8,484	40,442
At 1 January 2021	31,958	8,484	40,442
Additions	–	210	210
Disposals	–	(80)	(80)
Depreciation charge	(487)	(1,836)	(2,323)
At 30 September 2021	31,471	6,778	38,249

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

Group

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of year/period	–	5,529	26,125
New leases	5,120	25,770	3,648
Addition of a subsidiary	3,421	–	–
Accretion of interest recognized during the year/period	245	697	954
Disposals	–	–	(80)
Payments	(3,257)	(5,871)	(4,176)
Carrying amount at the end of year/period	5,529	26,125	26,471
Analyzed into:			
Current portion	3,131	4,334	4,679
Non-current portion	2,398	21,791	21,792

Company

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of year/period	–	2,721	8,874
New leases	3,421	7,225	210
Accretion of interest recognized during the year/period	109	204	307
Disposals	–	–	(80)
Payments	(809)	(1,276)	(406)
Carrying amount at the end of year/period	2,721	8,874	8,905
Analyzed into:			
Current portion	809	717	669
Non-current portion	1,912	8,157	8,236

The maturity analysis of lease liabilities is disclosed in note 37 to the Historical Financial Information.

(c) The amounts recognized in profit or loss in relation to leases are as follows:

Group

	Year ended 31 December 2019	Year ended 31 December 2020	Nine months ended 30 September 2020	Nine months ended 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities	245	697	380	954
Depreciation charge of right-of-use assets	2,874	6,207	3,809	5,621
Expense relating to short-term leases (included in administrative expenses and research and development costs)	288	432	144	418
Total amount recognized in profit or loss	3,407	7,336	4,333	6,993

(d) The total cash outflow for leases is set out in note 32 to the Historical Financial Information.

15. GOODWILL

	RMB'000
At 1 January 2019:	
Acquisition of a subsidiary *(note 31)*	9,305
Cost and net carrying amount at 31 December 2019 and 2020, and 30 September 2021	9,305

Goodwill was acquired from the acquisition of Beijing ABZYMO on 8 January 2019 which is set out in note 31.

Impairment assessment for goodwill

Goodwill acquired through business combinations is allocated to the Group as the cash-generating unit ("CGU") for impairment testing.

The recoverable amount of the cash-generating unit has been determined based on a fair value less cost of disposal ("FVLCD") method using cash flow projections which has considered the highest and best use by market participants. The cash flow projection covering a 20-year period reflects current market expectations about the Group's future amounts. Using a 20-year forecast period in the goodwill impairment test has considered the best information reasonably available that the market participants would use. It was is appropriate because it generally takes longer for a vaccine company to reach perpetual growth mode, compared to companies in other industries, especially when its products are still under clinical trial and the market of such product is at an early stage of development with substantial growth potential.

The following describes inputs that were used in the FVLCD of the cash-generating unit as at 31 December 2019 and 2020 and 30 September 2021 for its cash flow projections to undertake impairment testing of goodwill:

Revenue – The basis used to determine the projected revenue which is based on market participant's expectation of when to launch the Group's products and also expectation for future which market. The Group's product candidates, HPV 9-valent vaccine and Covid-19 vaccine, are at the clinical trial stage, and the market participants expect the Group to submit the Biologics License Application ("BLA") to the National Medical Products Administration ("NMPA") for HPV 9-valent vaccine in 2025 and Covid-19 vaccine in 2022. The compound growth rate of revenue was estimated based on information available at the time of assessment, disregarding information that became available after the assessment. Such information includes current industry overview and estimated market development of related products.

Budgeted gross margins – The basis used to determine the value assigned to the projected gross margins was the average gross margins that would achieve when the product candidates are commercialized, and would be increased for expected improvements of production efficiency and market development.

Terminal growth rates – The forecasted terminal growth rate being used was 0% which was based on the best expectations of market participants and does not exceed the long-term average growth rate for the industry relevant to the cash-generating unit.

Discount rates – The discount rates being used were 16.0% as at 31 December 2019 and 2020 and 14.5% as at 30 September 2021 which were before tax and reflected the risks relating to the relevant unit estimated by market participants.

Based on the impairment assessment conducted by the Group utilizing the above key assumptions, the recoverable amount of the cash-generating unit estimated from the cash flow forecast exceeded the carrying amount of goodwill and no impairment was considered necessary.

The values assigned to the key assumptions on market development of related products and pre-tax discount rate are consistent with external information sources.

Sensitivity to changes in key assumptions:

The management of the Company has performed sensitivity test by decreasing 1% of expected revenue, deceasing 1% of budgeted gross margins, decreasing 1% of the terminal growth rate or increasing 1% of the pre-tax discount rate, with all other assumptions held constant. The impacts on the amount by which the CGU's recoverable amount above its carrying amount (headroom) are as below:

	Year ended 31 December 2019	Year ended 31 December 2020	Nine months ended 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Headroom	1,474,880	3,853,044	8,159,948
Impact by decreasing expected revenue	(26,193)	(86,671)	(103,420)
Impact by decreasing budgeted gross margins	(20,440)	(132,855)	(362,087)
Impact by decreasing terminal growth rate	(16,900)	(34,700)	(44,900)
Impact by increasing pre-tax discount rate	(217,467)	(455,143)	(768,328)

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

16. OTHER INTANGIBLE ASSETS

Group

	In-progress research and development technology
	RMB'000
As at 1 January 2019	–
Acquisition of a subsidiary *(Note 31)*	22,120
As at 31 December 2019, 31 December 2020 and 30 September 2021	22,120
As at 31 December 2019, 31 December 2020 and 30 September 2021	
Cost	22,120
Accumulated amortization	–
Net carrying amount	22,120

The intangible assets represented the in-progress research and development ("R&D") technology acquired in relation to Beijing ABZYMO acquisition, details of which are set out in Note 31 of Historical Financial Information.

The in-progress R&D technology is amortized using the straight-line method over their estimated useful lives when available for use.

The recoverable amount of in-progress R&D technology has been determined based on a FVLCD method using cash flow projections having taken into account of the highest and best use by market participants. The cash flow projections covering a 20-year period reflects current market expectations about the future amounts of the in-progress R&D technology. Using a 20-year forecast period for the in-progress R&D technology impairment test is appropriate because the technology is still in progress and its useful life is expected to be 20 years which is estimated by considering the period of the economic benefits to the Group. It generally takes longer for a vaccine company to reach a perpetual growth mode, compared to companies in other industries, especially when the Group's product candidate - HPV 9-valent vaccine is still under clinical trial and the market of such product is at an early stage of development with substantial growth potential.

The following describes inputs that were used in FVLCD of the in-progress R&D technology as at 31 December 2019 and 2020 and 30 September 2021 for its cash flow projections to undertake impairment testing of the in-progress R&D technology:

Revenue – The basis used to determine the projected revenue, which was based on market participants' expectation of when to launch one of the Group's product candidates – HPV 9-valent vaccine, and also the expectation of the future market. HPV 9-valent vaccine is at the clinical trial stage, and the market participants expect the Group to submit the Biologics License Application ("BLA") to the National Medical Products Administration ("NMPA") for this vaccine in 2025. The compound growth rate of revenue was estimated based on information available at the time of assessment, disregarding information that became available after the assessment. Such information includes current industry overview and estimated market development of related products.

Budgeted gross margins – The basis used to determine the value assigned to the projected gross margins was the average gross margins that would achieve when the HPV 9-valent vaccine is commercialized, and would be increased for expected improvements of production efficiency and market development.

Discount rates – The discount rates being used were 17.0% as at 31 December 2019 and 2020 and 15.5% as at 30 September 2021 which were before tax and reflected the risks relating to the in-progress R&D technology.

Based on the impairment assessment conducted by the Group utilizing the above key inputs, the recoverable amount of the in-progress R&D technology estimated from the cash flow forecast exceeded its carrying amount and no impairment was considered necessary.

Sensitivity to changes in key assumptions:

The management of the Company has performed sensitivity test by decreasing 1% of expected revenue, deceasing 1% of budgeted gross margins, or increasing 1% of the pre-tax discount rate, with all other assumptions held constant. The impacts on the amount by which the recoverable amount of the in-progress R&D technology above its carrying amount (headroom) are as below:

	Year ended 31 December 2019	**Year ended 31 December 2020**	**Nine months ended 30 September 2021**
	RMB'000	*RMB'000*	*RMB'000*
Headroom	463,790	878,040	1,706,190
Impact by decreasing expected revenue	(10,090)	(20,520)	(12,500)
Impact by decreasing budgeted gross margins	(14,520)	(29,680)	(35,040)
Impact by increasing pre-tax discount rate	(75,990)	(121,460)	(197,190)

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the in-progress R&D technology to exceed its recoverable amount.

17. OTHER NON-CURRENT ASSETS

Group

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Time deposits*	–	50,000	80,000
Prepayment for purchase of property, plant and equipment	22,710	70,038	68,206
Long-term deferred expenses**	–	–	1,933
	22,710	120,038	150,139

Company

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Time deposit*	–	50,000	80,000
Prepayment for purchase of property, plant and equipment	22,620	63,507	57,205
Long-term deferred expenses**	–	–	1,933
	22,620	113,507	139,138

* As at 31 December 2020, time deposit include (i) RMB50,000,000 starting from 28 December 2020 with a maturity date on 28 December 2023 is with a fixed interest rate of 4.10%.

As at 30 September 2021, time deposits include (i) RMB50,000,000 starting from 28 December 2020 with a maturity date on 28 December 2023 with a fixed interest rate of 4.10%; (ii) RMB10,000,000 which started from 23 February 2021 with a maturity date on 23 February 2024 with a fixed interest rate of 3.99%; (iii) RMB10,000,000 which started from 20 April 2021 with a maturity date on 31 March 2024 with a fixed interest rate of 3.99%; (iv) RMB10,000,000 which started from 2 June 2021 with a maturity date on 2 June 2024 with a fixed interest rate of 3.41%.

For all the time deposits as at 31 December 2020 and 30 September 2021, interest income is then settled using current interest rate only if to withdraw before corresponding maturity date.

** This is the prepayment of long-term insurance, which is amortized over its service period of 6.5 years.

18. INVENTORIES

Group

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	7,363	7,762	24,839

Company

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	7,300	7,702	24,701

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for raw materials	1,237	712	2,713
Prepayment for research and development expense	290	4,693	4,263
Advance lease payments	23	26	395
Deposits	5,874	3,287	2,901
Value-added tax recoverable	6,676	11,127	41,859
Deferred listing expenses	–	–	9,901
Others	63	58	1,582
	14,163	19,903	63,614

Company

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for raw materials	1,144	588	2,623
Prepayment for research and development expense	5	4,634	4,188
Advance lease payments	23	15	–
Other receivable from Beijing ABZYMO*	72,369	137,369	211,969
Deposits	4,821	826	891
Value-added tax recoverable	6,084	8,061	36,931
Deferred listing expenses	–	–	9,901
Others	42	48	1,373
	84,488	151,541	267,876

* The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at the end of each of the Relevant Periods, the management of the Company assessed that the occurrence of losses from non-performance by the counter parties of other receivables was remote and the expected credit losses for other receivables were immaterial.

20. FINANCIAL ASSETS AT FVTPL

Group and Company

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	231,885	325,890	251,194
	231,885	325,890	251,194

At 31 December 2019 and 2020, and 30 September 2021, the financial assets at FVTPL represented floating return wealth management products issued by certain banks, with expected return rates ranging from 1.35% to 3.85% per annum.

21. CASH AND BANK BALANCES

Group

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash at banks	7,239	355,821	1,086,933
Time deposits*	50,000	–	10,000
Cash and Bank Balances	57,239	355,821	1,096,933
Denominated in:			
RMB	57,238	28,192	275,162
USD	1	327,629	821,771

Company

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash at banks	6,684	354,071	1,086,820
Time deposits*	50,000	–	10,000
Cash and Bank Balances	56,684	354,071	1,096,820
Denominated in:			
RMB	56,683	26,443	275,049
USD	1	327,628	821,771

* It represents a time deposit in commercial banks of which the term is more than three months. For the time deposits as at 31 December 2019, the deposits can be withdrawn any time after six months since their original deposit date. For the time deposits as at 30 September 2021, the deposits cannot be withdrawn before their maturity date.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

22. TRADE PAYABLES

An ageing analysis of the trade payable as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

Group

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,681	1,928	10,442
Over 1 year	59	59	294
	1,740	1,987	10,736

Company

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,084	1,092	9,114
Over 1 year	–	–	89
	1,084	1,092	9,203

The trade payables of the Group and the Company are non-interest-bearing and are normally settled within the normal operating cycle.

23. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Deposits received from vendors	500	180	150
Payable for property, plant and equipment	344	1,081	3,273
Accrued listing expense	–	–	9,767
Accrued research and development expenses	1,525	23,117	43,729
Accrued renovation and construction expenses	–	11,157	16,248
Staff payroll, welfare and bonus payables	9,232	11,942	18,713
Tax payables	932	2,173	793
Other accrued expenses	124	1,378	343
Other payables	270	132	468
	12,927	51,160	93,484

Company

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Deposits received from vendors	500	180	150
Payable for property, plant and equipment	305	1,081	1,932
Accrued listing expense	–	–	9,767
Accrued research and development expenses	1,524	21,605	42,865
Accrued renovation and construction expenses	–	9,167	15,758
Staff payroll, welfare and bonus payables	3,428	5,374	8,669
Tax payables	241	1,069	438
Other accrued expenses	–	898	292
Other payables	–	38	97
	5,998	39,412	79,968

Other payables and accruals of the Group and the Company are non-interest-bearing and have an average term of three months.

24. INTEREST-BEARING BANK BORROWINGS

Group and Company

	As at 30 September 2021		
	Effective interest rate per annum (%)	*Maturity*	*RMB'000*
Non-Current			
Bank loans – secured	4.65	2026	30,000

Analyzed into:

	As at 30 September 2021
	RMB'000
Bank loans repayable:	
In the third to fifth years, inclusive	30,000
	30,000

On 26 January 2021, the Company entered into a seven-year real estate mortgage agreement with Shanghai Pudong Development Bank Co., Ltd. Taizhou Branch. The total facility under this mortgage agreement was RMB200,000,000. The Company withdrawn RMB10,000,000, RMB10,000,000 and RMB10,000,000 respectively under this agreement on 8 February 2021, 4 June 2021 and 11 August 2021, of which the principal should be repaid since 30 June 2024 and the related interests should be paid each three months. The borrowing was secured by leasehold land and bear a floating interest rate.

25. REDEMPTION LIABILITIES ON OWNERS' CAPITAL

Group and Company

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Series A	645,044	626,365	–
Series B	–	1,214,772	–
Interest payable related to redemption liabilities	75,322	111,737	–
	720,366	1,952,874	–

Pursuant to a capital contribution agreement dated 24 January 2019 entered into among series A investors and all our then Shareholders, the series A investors agreed to subscribe the increased registered capital of RMB12,763,462 of the Company at an aggregate consideration of RMB500,000,000. Also pursuant to an equity transfer agreement dated on 7 August 2019, certain series A investors acquired registered capital of the Company in a total amount of RMB2,702,541 from then shareholders at an aggregate consideration of RMB145,044,532 (together as "Series A Agreement").

Pursuant to a capital contribution agreement dated 2 November 2020, entered into among series B investors and all our then Shareholders, the series B investors agreed to subscribe the increased registered capital of RMB6,712,730 of the Company at an aggregate consideration of RMB686,256,000. Also pursuant to an equity transfer agreement dated on 19 October 2020, certain series B investors acquired registered capital of the Company in a total amount of RMB8,368,151 from then shareholders, including certain series A investors, at an aggregate consideration of RMB855,173,912 (together as "Series B Agreement").

Significant terms of the capital contribution agreements regarding to Series A and B financing above that will impact the accounting treatment of the Company are outlined below:

Redemption rights (effective from January 2019 and updated in November 2020)

Pursuant to the Series A Agreement, series A capital contribution and related shares being transferred in accordance with Series A Agreement shall be redeemable by the Company upon the occurrence of certain contingent events which cannot be controlled by the Company, including (i) The HPV nine valent vaccine developed by the Group has not been approved by the State Administration of pharmaceutical production before 31 December 2024. (ii) Neither Herpesvirus vaccine or growth hormone developed by the Group has been approved for clinical trials and is in the process of phase III clinical trials before 31 December 2024. The price at which shares of series A contribution is redeemed shall be an amount that would give holders of series A a fifteen percent (15%) internal return rate for its investment in the Company plus all accrued but unpaid dividends.

Redemption rights (effective from November 2020)

Pursuant to the Series B Agreement, series B capital contribution and related shares being transferred in accordance with Series B Agreement shall be redeemable by the Company upon the occurrence of certain contingent events which cannot be controlled by the Company, including (i) The HPV nine valent vaccine developed by the Group has not been approved by the State Administration of pharmaceutical production before 31 December 2024. (ii) Neither Herpesvirus vaccine or growth hormone developed by the Group has been approved for clinical trials and is in the process of phase III clinical trials before 31 December 2024. The price at which shares of series A and series B contribution is redeemed shall be an amount that would give holders of series A and series B a twelve percent (12%) simple interest rate for its investment in the Company plus all accrued but unpaid dividends.

Presentation and classification

The redemption obligations give rise to financial liabilities, which are measured at the net present value of the redemption amount. The movements of redemption liabilities during the Relevant Periods are set out below.

The movements in redemption liabilities on owners' capital of the Group during the Relevant Periods are as follows:

	Series A	Series B	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2019	–	–	–
Recognition of redemption liabilities on Series A owners' capital *(Note a)*	645,044	–	645,044
Interest charge	75,322	–	75,322
At 31 December 2019 and 1 January 2020	720,366	–	720,366
Recognition of redemption liabilities on Series B owners' capital *(Note a)*	–	1,214,772	1,214,772
Debt forgiveness *(Note b)*	(18,679)	–	(18,679)
Interest charge	17,577	18,838	36,415
At 31 December 2020 and 1 January 2021	719,264	1,233,610	1,952,874
Interest charge	5,053	49,978	55,031
Termination of redemption rights *(Note c)*	(724,317)	(1,283,588)	(2,007,905)
At 30 September 2021	–	–	–

(a) Pursuant to the Series A Agreement and Series B Agreement, the redemption obligations of the Company were applicable to holders of Series A and Series B. The net present value of redemption amount is recognized as a financial liability and debited to equity simultaneously.

(b) Pursuant to the Series B Agreement, the interest rate being used to calculate the redemption price of series A contribution was changed from fifteen percent (15%) to twelve percent (12%) which resulted to a decrease of the net present value of the redemption amount immediately prior to and subsequent to the Series B Agreement date. The decrease of the financial liabilities was deemed as the debt forgiveness from series A's owners and was credited to equity simultaneously.

(c) In March 2021, Series B+ shares capital contribution agreement (the "Series B+ Agreement") was signed by and between the Company and all existing owners. Pursuant to Series B+ Agreement, the obligation of the Company with regard to the redemption rights of holders of Series A and Series B was terminated. Accordingly, the carrying amount of the financial liabilities of all redemption liabilities was derecognized upon the termination of the term.

26. DEFERRED INCOME

Group and Company

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Government grants	–	18,122	32,244

Government grants received for compensation for the Group's research and development costs which has not yet been undertaken are included in deferred income and recognized as income on a systematic basis over the periods that the cost, which it is intended to compensate, is expensed. Government grants received relate to assets invested in laboratory equipment and plant were credited to deferred income and are recognized as income over the expected useful lives of the relevant assets.

27. DEFERRED TAX LIABILITIES

	Total
	RMB'000
As at 1 January 2019	–
Fair value adjustments arising from acquisition of a subsidiary *(Note 31)*	5,530
As at 31 December 2019, 31 December 2020 and 30 September 2021	5,530

28. SHARE CAPITAL/PAID-IN CAPITAL

On 9 May 2021, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. A summary of movements in the Company's issued share capital/paid-in capital during the Relevant Periods, is as follows:

Group and Company

Paid-in capital

	Total
	RMB'000
As at 1 January 2019	5,560
Capital contribution from owners *(Note a)*	11,033
Capital contribution from series A financing *(Note b)*	12,763
As at 31 December 2019 and 1 January 2020	29,356
Capital contribution from series B financing *(Note c)*	6,713
As at 31 December 2020 and 1 January 2021	36,069
Capital contribution from employee incentives platforms *(Note d)*	1,898
Capital contribution from series B+ financing *(Note e)*	1,519
Issue of ordinary shares upon conversion into a joint stock *(Note f)*	(39,486)
As at 30 September 2021	–

Share capital

	Total
	RMB'000
Issued and fully paid as at 1 January 2019, 1 January 2020 and 1 January 2021	–
Issue of ordinary shares upon conversion into a joint stock *(Note f)*	40,000
Issue of series C shares *(Note g)*	4,825
Share capital transferred from capital premium *(Note h)*	403,425
As at 30 September 2021	448,250

(a) Pursuant to the board resolutions, the owners of the Company agreed to inject capital of RMB11,033,000 into the Company in December 2018 which has been fully settled in cash in April 2019.

(b) Pursuant to a capital contribution agreement dated 24 January 2019 entered into among the series A investors and all other owners of the Company, the series A investors agreed to subscribe the increased registered capital of RMB12,763,000 of the Company at an aggregate consideration of RMB500,000,000.

(c) Pursuant to a capital contribution agreement dated 2 November 2020 entered into among the series B investors and all other owners of the Company, the series B investors agreed to subscribe the increased registered capital of RMB6,713,000 of the Company at an aggregate consideration of RMB686,256,000.

(d) Pursuant to a capital contribution agreement dated 24 March 2021 entered into among the employee incentives platforms and all other owners of the Company, the employee incentives platforms agreed to subscribe the increased registered capital of RMB1,898,000 of the Company at an aggregate consideration of RMB28,950,000.

(e) Pursuant to a capital contribution agreement dated 27 March 2021 entered into among the series B+ investors and all other owners of the Company, the series B+ investors agreed to subscribe the increased registered capital of RMB1,519,000 of the Company at an aggregate consideration of RMB200,000,000.

(f) On 9 May 2021, the Board passed resolutions approving, among other matters, the conversion of the Company from a limited liability company into a joint stock company and the change of name of the Company from Jiangsu Rec-Biotechnology Co., Ltd. (江蘇瑞科生物技術有限公司) to Jiangsu Recbio Technology Co., Ltd. (江蘇瑞科生物技術股份有限公司). All the then existing owners approved the conversion of the net assets value of the Company as of March 31, 2021 into 40,000,000 Shares of the Company. Upon the completion of the conversion, the registered capital of the Company became RMB40,000,000 divided into 40,000,000 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then existing shareholders in proportion to their respective equity interests in the Company before the conversion.

(g) Pursuant to a capital contribution agreement dated 24 May 2021 entered into among the series C investors and all the then shareholders, the series C investors agreed to subscribe the increased registered capital of 4,825,000 shares of the Company at an aggregate consideration of RMB965,102,000.

(h) On 29 June 2021, the registered capital of the Company increased from RMB44,825,000 to RMB448,250,000. During the said capital increase, 403,425,000 Shares were allotted and issued to all the then existing shareholders of the Company on the basis of one share for every nine shares allotted according to their then shareholding, using part of the share premium resulted from series C financing ("Share Allotment").

29. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Share/Capital premium

The share/capital premium of the Group represents the difference between the value of the paid-in-capital and the consideration received before the Company's conversion into a joint stock company, and it represents the difference between the par value of the shares issued and the consideration received after its conversion into a joint stock company on 9 May 2021.

(b) Other reserves

Other reserves of the Group represent the deemed distribution for cash consideration in the reverse acquisition, recognition of redemption liabilities on series A and series B owners' capital and debt forgiveness from owners, as well as the termination of redemption liabilities on series A and series B as stipulated in note 25 of Historical Financial Information.

(c) Share-based payments reserve

The share-based payments reserve represents the equity-settled share awards.

Company

	Paid-in capital	Share/ capital premium	Other reserves	Accumulated losses	Total (deficit)/ equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	5,560	1,440	–	(33,630)	(26,630)
Loss and total comprehensive loss for the year	–	–	–	(100,204)	(100,204)
Capital contribution from owners	11,033	–	–	–	11,033
Capital contribution from series A financing	12,763	487,237	–	–	500,000
Recognition of redemption liabilities on series A owner's capital	–	–	(645,044)	–	(645,044)
At 31 December 2019	**29,356**	**488,677**	**(645,044)**	**(133,834)**	**(260,845)**
At 1 January 2020	**29,356**	**488,677**	**(645,044)**	**(133,834)**	**(260,845)**
Loss and total comprehensive loss for the year	–	–	–	(129,774)	(129,774)
Capital contribution from series B financing	6,713	679,543	–	–	686,256
Recognition of redemption liabilities on series B owner's capital	–	–	(1,214,772)	–	(1,214,772)
Debt forgiveness from series A's owners	–	–	18,679	–	18,679
At 31 December 2020	**36,069**	**1,168,220**	**(1,841,137)**	**(263,608)**	**(900,456)**

	Paid-in capital	Share capital	Share/ capital premium	Other reserves	Share-based payment reserve	Accumulated losses	Total (deficit)/ equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 27)						
At 1 January 2021	**36,069**	**–**	**1,168,220**	**(1,841,137)**	**–**	**(263,608)**	**(900,456)**
Loss and total comprehensive loss for the period	–	–	–	–	–	(455,988)	(455,988)
Capital contribution from series B+ financing	1,519	–	198,481	–	–	–	200,000
Capital contribution from series C financing	–	4,825	960,277	–	–	–	965,102
Capital contribution from employee incentives platforms	1,898	–	27,052	–	–	–	28,950
Termination of redemption liabilities on series A and series B owner's capital	–	–	–	2,007,905	–	–	2,007,905
Capitalization Issue	(39,486)	40,000	(514)	–	–	–	–
Share premium transferred to share capital	–	403,425	(403,425)	–	–	–	–
Share-based payments	–	–	–	–	125,150	–	125,150
At 30 September 2021	**–**	**448,250**	**1,950,091**	**166,768**	**125,150**	**(719,596)**	**1,970,663**

30. SHARE AWARD SCHEME

The Company adopted share award schemes (the "Schemes") for certain personnel in order to recognize and reward the contribution of certain directors and employees ("Granted employees") to the growth and development of the Group, and retain eligible employees for the continuous operation and development of the Group. During the Relevant Periods, the Group granted equity interests of the Company under the Schemes through Lianyungang Ruiwenshibole Biotechnology Partnership (L.P.) ("Ruiwenshibole"), Lianyungang Ruibaitai Pharmaceutical Technology Partnership (L.P.) ("Ruibaitai") and Lianyungang Ruibaihe Pharmaceutical Technology Partnership (L.P.) ("Ruibaihe"). All of the Ruiwenshibole, Ruibaitai and Ruibaihe are controlled by the general partners of the partnerships.

On 25 March 2021, 2.2% of the then equity interest in the Company were granted to 41 selected employees of the Company for a consideration of RMB12,738,000 through Ruiwenshibole. There was no vesting period for these equity interest granted.

On 25 March 2021, 2.8% of the then equity interest in the Company were granted to 41 selected employees of the Company for a consideration of RMB16,212,000 through Ruibaitai. The vesting period and vesting condition of the scheme were as follows.

In May 2021, 0.1038% of the then equity interest (equivalent to 46,544 shares before the Share Allotment, and 465,436 as adjusted after the Share Allotment) in the Company were forfeited due to the resign of the employee, and were transferred to another employee as newly granted share awards.

During July to September 2021, 0.0082% of the then equity interest (equivalent to 36,577 shares) in the Company were forfeited due to the resign of two employees, and was transferred to another employee as newly granted share awards.

On 27 September 2021, 1.1% of the then equity interest (equivalent to 4,925,832 shares) in the Company were granted to 19 selected employees of the Company for a consideration of RMB9,572,000 through Ruibaihe. The 1.1% equity interest aforementioned was transferred from Mr. Yong Liu which has met the vesting condition and was regarded as newly granted share awards.

The vesting period and vesting condition of the granted equity interests through Ruibaitai and Ruibaihe were as follows.

Vesting %	Vesting Period
20%	(i) if employment with the Group exceeds two years: 20% of the share awards granted can be vested at grant date; (ii) otherwise, the vesting period is defined as grant date through the date reaching two years' employment with the Group
20%	3 years
60%	5 years

The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted less the consideration received by the Group. The fair value of the share award granted is measured as the market value at the grant date, which is determined using the discounted cash flows approach. Key assumptions including the discount rate, terminal growth rate and DLOM are required to be determined by the directors of the Company with best estimate.

	Grant date			
	On 25 March 2021	On 24 May 2021	On 31 July 2021	On 27 September 2021
Discount rate	16%	15%	14.5%	14.5%
Terminal growth rate	0%	0%	0%	0%
DLOM	15%	11%	9.5%	8.0%

During the Relevant Periods and the nine months ended 30 September 2020, share based payment of RMB125,150,000 was charged to profit or loss.

31. BUSINESS COMBINATION

Prior to the acquisition, Beijing ABZYMO was a cooperative research and development platform of vaccine business, and it was owned as to 25.00% by Beijing Jinnuo Tongzhou Technology Co., Ltd. (北京金諾同舟 科技有限公司) ("Jinnuo Tongzhou"), 25.00% by Beijing Dingcheng Daohe Technology Co., Ltd. (北京鼎誠道合科技有 限公司) ("Dingcheng Daohe"), 33.33% by Shenzhen Xinyang Chengfu Equity Investment Partnership (Limited Partnership) (深圳市信仰誠富股權投資合夥企業(有限合夥)) ("Xinyang Chengfu") and 16.67% by Jiangsu Mingyuan Capital Management Co., Ltd. (江蘇銘元資本管理有限公司) ("Jiangsu Mingyuan") immediately prior to the acquisition.

Since June 2012, the Company and Beijing ABZYMO has established close collaboration in R&D. In the end of 2018, in order to further enhance the R&D collaboration between the Company and Beijing ABZYMO, as well as to leverage the synergistic effect of an integrated technology platform of the Company, owners and management teams of the Company and Beijing ABZYMO decided to initiate restructuring and integration of our Company and Beijing ABZYMO (i.e. certain owners of Beijing ABZYMO would acquire equity interests in the Company, and the Company would acquire the entire equity interests in Beijing ABZYMO).

In preparation of the acquisition of Beijing ABZYMO, original shareholders of Jinnuo Tongzhou and Dingcheng Daohe, who were management and R&D team of Beijing ABZYMO finally established Taizhou Yuangong Technology Partnership (Limited Partnership) (泰州元工科技合夥企業(有限合夥) ("Taizhou Yuangong") step by step as an employee ownership platform. In December 2018, Taizhou Yuangong, Mr. Yong Liu and Chen Jindi (陳錦棣, the ultimate beneficial owner of Xinyang Chengfu), all of which were the then owners of Beijing ABZYMO, acquired 52.32%, 7.73% and 8.88% of the equity interests in the Company from certain then existing shareholders of the Company, respectively.

On 27 December 2018, all the owners of the Company have determined to inject capital proportionally according to their equity interests % of the Company at a total amount of RMB11,033,000. On 8 January 2019, an equity transfer agreement was entered into by the Company, and all the shareholders of Beijing ABZYMO, namely, Jinnuo Tongzhou, Dingcheng Daohe, Xinyang Chengfu and Jiangsu Mingyuan, pursuant to which the Company agreed to acquire the entire equity interests in Beijing ABZYMO at an aggregate consideration of RMB11,033,000. Upon completion of the equity transfer, Beijing ABZYMO has become a wholly-owned subsidiary of the Company. Considering all stages of the business combination, the overall transaction could be regarded as the Company issuing its equity interests to acquire 100% interests of Beijing ABZYMO.

The transaction was accounted for as a reverse acquisition considering former owners of Beijing ABZYMO as a group received the largest portion of the voting rights in the Group. The Company was the accounting acquiree (the legal acquirer) who issued equity interests and Beijing ABZYMO was the accounting acquirer (the legal acquiree) whose equity interests were acquired.

The cash consideration of RMB11,033,000 to acquire the entire equity interests in Beijing ABZYMO was accounted for as a deemed distribution for cash consideration in the reverse acquisition.

The fair values of the identifiable assets and liabilities of the Company as at the date of acquisition were as follows:

	Notes	**Fair value recognized on acquisition**
		RMB'000
Property, plant and equipment		301
Right-of-use assets		3,421
Cash and bank balances		2,370
Inventory		331
Prepayments and other receivables		1,833
Fair value of identifiable net assets acquired – Other intangible assets (in process R&D technology)		22,120
Interest-bearing bank borrowings		(4,971)
Trade payables		(105)
Other payables and accruals		(20,045)
Lease liabilities		(3,421)
Deferred tax liabilities		(5,530)
Total identifiable net liabilities at fair value		(3,696)
Consideration transferred	*(a)*	5,609
Goodwill on acquisition	*15*	9,305
Satisfied by equity		5,609

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration paid	–
Cash and bank balances acquired	2,370
Net inflow of cash and cash equivalents included in cash flows from investing	2,370

Notes:

(a) In a business combination in which the acquirer and the acquiree exchange only equity interests, the acquisition-date fair value of the acquiree's equity interests is more reliably measurable than the acquisition-date fair value of the acquirer's equity interests. Therefore, the consideration transferred is determined by using the acquisition-date fair value of the accounting acquiree's (i.e. the Company) equity interests at a total amount of RMB5,609,000 instead of the acquisition-date fair value of the consideration transferred. The acquisition-date fair value of the Company's equity interests has been determined based on the discounted cash flow (i.e. "DCF") model using cash flow projections covering a 20-year period.

Since the reverse acquisition, the Company has contributed RMB100,204,000, RMB129,774,000, RMB42,834,000 and RMB455,988,000 to the consolidated loss for the years ended 31 December 2019 and 2020, and the nine months ended 30 September 2020 and 2021.

Had the combination taken place at the beginning of the Relevant Periods and the nine months ended 30 September 2020, the loss of the Group for the years ended 31 December 2019 and 2020, and the nine months ended 30 September 2020 and 2021 would have been RMB138,270,000, RMB179,400,000, RMB72,494,000, and RMB520,364,000.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB8,540,000, RMB25,770,000, and RMB3,648,000 respectively, in respect of lease arrangements for properties.

The Group had non-cash additions to administrative expenses, selling and distribution expenses and research and development costs of RMB63,144,000, RMB448,000 and RMB61,558,000 respectively, in respect of share award schemes.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank loans	**Lease liabilities**	**Payable for listing expenses**	**Redemption liabilities on owner's capital**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	5,977	–	–	–
Changes from financing cash flows				
Interest expense	596	245	–	75,322
Additions	–	8,541	–	145,044
Proceeds from series A financing	–	–	–	500,000
Interest paid	(596)	–	–	–
Payment	(5,977)	(3,257)	–	–
At 31 December 2019	–	5,529	–	720,366

	Bank loans	Lease liabilities	Payable for listing expenses	Redemption liabilities on owner's capital
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Changes from financing cash flows				
Interest expense	–	697	–	36,416
Additions	–	25,770	–	528,515
Debt forgiveness	–	–	–	(18,679)
Proceeds from series B financing	–	–	–	686,256
Payment	–	(5,871)	–	–
At 31 December 2020	–	26,125	–	1,952,874
Changes from financing cash flows				
Additions	30,000	3,648	–	–
Disposals	–	(79)	–	–
Interest expense	1,148	954	–	55,031
Payment	–	(4,177)	–	–
– Changes from financial cash flows	–	–	(6,175)	–
– Changes from operating cash flows	–	–	(10,011)	–
– Changes from investing cash flows	(1,148)	–	–	–
Increase in deferred listing expenses	–	–	9,901	–
Listing expenses	–	–	16,052	–
Termination of redemption rights	–	–	–	(2,007,905)
At 30 September 2021	30,000	26,471	9,767	–

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Nine months ended 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	288	432	418
Within financing activities	3,257	5,871	4,177
	3,545	6,303	4,595

33. COMMITMENTS

The Group had the following capital commitments at 31 December 2019, 2020 and 30 September 2021:

	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for			
Buildings	1,850	150,879	104,226
Plant and machinery	8,058	56,250	34,574
	9,908	207,129	138,800

34. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name of related party	Relationship with the Group
Jiangsu Dajun Biotechnology Co., Ltd.	has significantly influenced by Mr. Liu Yong

(b) Transactions with related parties

Except as disclosed elsewhere in the Historical Financial Information, the Group had the following material transactions with related parties during the Relevant Periods and the nine months ended 30 September 2020.

(i) In July 2019, the Group obtained a total debt relief of RMB2,731,000 from Jiangsu Dajun Biotechnology Co., Ltd. pursuant to a board resolution.

(ii) Compensation of key management personnel of the Group:

	Year ended 31 December		Nine months ended 30 September	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Salaries, bonuses, allowances and benefits in kind	5,864	6,416	2,997	5,534
Pension scheme contributions	298	32	19	188
Share-based payments	–	–	–	85,717
	6,162	6,448	3,016	91,439

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

Financial assets

Group

	As at 31 December 2019		
	Financial assets at FVTPL Mandatorily designated as such	**Financial assets at amortized cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayment, deposits and other receivables	–	5,893	5,893
Wealth management products	231,885	–	231,885
Time deposits	–	50,000	50,000
Cash and cash at banks	–	7,239	7,239
	231,885	63,132	295,017

	As at 31 December 2020		
	Financial assets at FVTPL Mandatorily designated as such	**Financial assets at amortized cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayment, other receivables and other assets	–	3,299	3,299
Wealth management products	325,890	–	325,890
Time deposits	–	50,000	50,000
Cash and cash at banks	–	355,821	355,821
	325,890	409,120	735,010

	As at 30 September 2021		
	Financial assets at FVTPL Mandatorily designated as such	**Financial assets at amortized cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayment, other receivables and other assets	–	3,109	3,109
Wealth management products	251,194	–	251,194
Time deposits	–	90,000	90,000
Cash and cash at banks	–	1,086,933	1,086,933
	251,194	1,180,042	1,431,236

Company

	As at 31 December 2019		
	Financial assets at FVTPL Mandatorily designated as such	**Financial assets at amortized cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayment, other receivables and other assets	–	77,209	77,209
Wealth management products	231,885	–	231,885
Time deposits	–	50,000	50,000
Cash and cash at banks	–	6,684	6,684
	231,885	133,893	365,778

	As at 31 December 2020		
	Financial assets at FVTPL Mandatorily designated as such	**Financial assets at amortized cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayment, other receivables and other assets	–	138,207	138,207
Wealth management products	325,890	–	325,890
Time deposits	–	50,000	50,000
Cash and cash at banks	–	354,071	354,071
	325,890	542,278	868,168

	As at 30 September 2021		
	Financial assets at FVTPL Mandatorily designated as such	**Financial assets at amortized cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayment, other receivables and other assets	–	212,960	212,960
Wealth management products	251,194	–	251,194
Time deposits	–	90,000	90,000
Cash and cash at banks	–	1,086,820	1,086,820
	251,194	1,389,780	1,640,974

Financial liabilities

Group

	Financial liabilities at amortized cost		
	As at 31 December 2019	**As at 31 December 2020**	**As at 30 September 2021**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	1,740	1,987	10,736
Financial liabilities included in other payables and accruals	1,114	1,393	3,891
Interest-bearing bank borrowings	–	–	30,000
Redemption liabilities on owners' capital	720,366	2,006,130	–
	723,220	2,009,510	44,627

Company

	Financial liabilities at amortized cost		
	As at 31 December 2019	**As at 31 December 2020**	**As at 30 September 2021**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	1,084	1,092	9,203
Financial liabilities included in other payables and accruals	805	1,298	2,179
Interest-bearing bank borrowings	–	–	30,000
Redemption liabilities on owners' capital	720,366	2,006,130	–
	722,255	2,008,520	41,382

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments. The fair values of the other non-current financial liabilities which including interest-bearing bank borrowings and redemption liabilities on owners' capital have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities and the fair values approximate to their carrying amounts.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of time deposits and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2019, 2020 and 30 September 2021 were assessed to be insignificant. Management has assessed that the fair values of the non-current portion of time deposits and interest-bearing bank borrowings approximate to their carrying amounts.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Group and Company

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2019				
Wealth management products	–	231,885	–	231,885
31 December 2020				
Wealth management products	–	325,890	–	325,890
30 September 2021				
Wealth management products	–	251,194	–	251,194

The Group did not have any financial liabilities measured at fair value as at the end of each of the Relevant Periods.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Set out below is a summary of the valuation technique to measure the fair value of financial instruments as at 31 December 2019, 2020 and 30 September 2021:

	Valuation technique
Wealth management products	Discounted cash flows – Future cash flows are estimated based on expected return, discounted at a rate that reflects the risk of underlying assets

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include financial assets at fair value through profit or loss, cash and bank balances, interest-bearing bank borrowings and redemption liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below:

(a) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

Group and Company

	Increase/ (decrease) in rate of foreign currency	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
	%	*RMB'000*	*RMB'000*
31 December 2019			
If RMB weakens against USD	5	–	–
If RMB strengthens against USD	(5)	–	–
31 December 2020			
If RMB weakens against USD	5	16,381	16,381
If RMB strengthens against USD	(5)	(16,381)	(16,381)
30 September 2021			
If RMB weakens against USD	5	6,067	6,067
If RMB strengthens against USD	(5)	(6,067)	(6,067)

The Group trades only with recognized and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

(b) Credit risk

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

Group

As at 31 December 2019

	12-month ECLs	Life time ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets*	5,893	–	–	–	5,893
Time deposits	50,000	–	–	–	50,000
Cash and cash at banks	7,239	–	–	–	7,239
	63,132	–	–	–	63,132

As at 31 December 2020

	12-month ECLs	Life time ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets*	3,299	–	–	–	3,299
Time deposits	50,000	–	–	–	50,000
Cash and cash at banks	355,821	–	–	–	355,821
	409,120	–	–	–	409,120

As at 30 September 2021

	12-month ECLs	Life time ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets*	3,109	–	–	–	3,109
Time deposits	90,000	–	–	–	90,000
Cash and cash at banks	1,086,933	–	–	–	1,086,933
	1,180,042	–	–	–	1,180,042

Company

As at 31 December 2019

	12-month ECLs	Life time ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets*	77,209	–	–	–	77,209
Time deposits	50,000	–	–	–	50,000
Cash and cash at banks	6,684	–	–	–	6,684
	133,893	–	–	–	133,893

As at 31 December 2020

	12-month ECLs	Life time ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets*	138,207	–	–	–	138,207
Time deposits	50,000	–	–	–	50,000
Cash and cash at banks	354,071	–	–	–	354,071
	542,278	–	–	–	542,278

As at 30 September 2021

	12-month ECLs	Life time ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets*	212,960	–	–	–	212,960
Time deposits	90,000	–	–	–	90,000
Cash and cash at banks	1,086,820	–	–	–	1,086,820
	1,389,780	–	–	–	1,389,780

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

As at the end of each of the Relevant Periods, cash and bank balances were deposited in banks of high quality without significant credit risk.

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the Relevant Periods, based on contractual undiscounted payments, is as follows:

Group

	As at 31 December 2019				
	On demand	Within 1 year	1 year to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in other payables and accruals	1,115	–	–	–	1,115
Trade payables	1,681	–	59	–	1,740
Redemption liabilities on owner's capital	–	–	1,464,181	–	1,464,181
Lease liabilities	–	3,171	2,384	88	5,643
	2,796	3,171	1,466,624	88	1,472,679

	As at 31 December 2020				
	On demand	Within 1 year	1 year to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in other payables and accruals	1,393	–	–	–	1,393
Trade payables	1,928	–	59	–	1,987
Redemption liabilities on owner's capital	–	–	3,109,918	–	3,109,918
Lease liabilities	–	5,588	23,651	–	29,239
	3,321	5,588	3,133,628	–	3,142,537

	As at 30 September 2021				
	On demand	Within 1 year	1 year to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in other payables and accruals	3,891	–	–	–	3,891
Trade payables	10,442	–	294	–	10,736
Interest-bearing bank borrowings	–	891	35,173	–	36,064
Lease liabilities	–	5,612	23,592	–	29,204
	14,333	6,503	59,059	–	79,895

Company

	As at 31 December 2019				
	On demand	Within 1 year	1 year to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in other payables and accruals	805	–	–	–	805
Trade payables	1,084	–	–	–	1,084
Redemption liabilities on owner's capital	–	–	1,464,181	–	1,464,181
Lease liabilities	–	917	1,980	116	3,013
	1,889	917	1,466,161	116	1,469,083

	As at 31 December 2020				
	On demand	Within 1 year	1 year to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in other payables and accruals	1,298	–	–	–	1,298
Trade payables	1,092	–	–	–	1,092
Redemption liabilities on owner's capital	–	–	3,109,918	–	3,109,918
Lease liabilities	–	1,121	8,859	–	9,980
	2,390	1,121	3,118,777	–	3,122,288

	As at 30 September 2021				
	On demand	Within 1 year	1 year to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in other payables and accruals	2,179	–	–	–	2,179
Trade payables	9,114	–	89	–	9,203
Interest-bearing bank borrowings	–	891	35,173	–	36,064
Lease liabilities	–	1,038	8,609	–	9,647
	11,293	1,929	43,871	–	57,093

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize owner's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to owners, return capital to owners or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 September 2021.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this Prospectus, and is included for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of the Company had the Global Offering been completed as at 30 September 2021 or at 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 30 September 2021 as set out in the Accountants' Report in Appendix I to the Prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants' Report as set out in Appendix I to the Prospectus.

	Consolidated net tangible assets attributable to owners of the Company as at 30 September 2021	**Estimated net proceeds from the Global Offering**	**Unaudited Pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 30 September 2021**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 30 September 2021**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$24.80 per Share	1,766,534	560,136	2,326,670	4.86	6.00

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021 was equal to the audited net assets attributable to owners of the Company as at 30 September 2021 of RMB1,797,959,000 after deducting of other intangible assets of RMB22,120,000 and goodwill of RMB9,305,000 as at 30 September 2021 set out in the Accountants' Report in Appendix I to this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on an estimated Offer Price of HK$24.80 per share, after deduction of the underwriting fees and other related expenses payable by the Company and do not take into account any shares which may be issued upon the exercise of the Over-Allotment Option. For the purpose of the estimated net proceeds from the Global Offering, the amounts denominated in HK$ and US$ have been converted into RMB at the rate of HK$1.00 to RMB0.8092 and US$1.00 to RMB6.3306 respectively, which were the exchange rates prevailing on March 11, 2022 with reference to the rates published by The People's Bank of China. No representation is made that the HK$ amounts or US$ amounts have been, could have been or may be converted into RMB, or vice versa, at that rate or any other rates or at all.

(3) The unaudited pro forma net tangible assets per share is arrived on the basis that 479,104,500 shares were in issue assuming that the Global Offering had been completed on 30 September 2021. In addition, the number of shares used for the computation of unaudited proforma net tangible assets per share also takes no account of any shares which may be fall to be issued upon the exercise of the Over-allotment Option.

(4) For the purpose of this unaudited pro forma statement of adjusted net tangible assets attributable to owners of the Company, the balances stated in RMB are converted into HK$ at the rate of RMB1.00 to HK$1.2358.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2021.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of Jiangsu Recbio Technology Co., Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Jiangsu Recbio Technology Co., Ltd. (the "Company") and its subsidiary (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 September 2021, and related notes as set out on pages IIA-1 to IIA-2 of the Prospectus dated 21 March 2022 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Section A of Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Global Offering of shares of the Company on the Group's financial position as at September 2021, as if the transaction had taken place at 30 September 2021. As part of this process, information about the Group's financial position, has been extracted by the Directors from the Group's financial statements for the nine months ended 30 September 2021, on which an accountants' report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the 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* (the "AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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 behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, 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 Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 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 accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the 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 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 Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Global Offering on unadjusted financial information of the Group as if 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 transaction would have been as presented.

A reasonable assurance engagement to report on whether the 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 Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled 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 Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong
21 March 2022

The following is the preliminary financial information of our Group as at and for the year ended December 31, 2021 (the "Preliminary Financial Information"), together with a management's discussion and analysis of our Group's financial condition and results of operations. The preliminary financial information has been prepared based on the consolidated financial statements of the Group prepared in accordance with IFRS. The 2021 Preliminary Financial Information was not audited. Investors should bear in mind that the 2021 Preliminary Financial Information in this appendix may be subject to adjustments.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,	
	Notes	**2020**	**2021**
		RMB'000 (Audited)	*RMB'000* (Unaudited)
Other income and gains	*4*	9,551	27,810
Selling and distribution expenses		–	(3,461)
Research and development expenses		(130,519)	(472,953)
Administrative expenses		(18,416)	(143,045)
Other expenses	*4*	(2,904)	(9,609)
Finance costs	*5*	(37,112)	(56,308)
LOSS BEFORE TAX	*6*	(179,400)	(657,566)
Income tax expense		–	–
LOSS FOR THE YEAR		(179,400)	(657,566)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(179,400)	(657,566)
Attributable to:			
Owners of the parent		(179,400)	(657,561)
Non-controlling interests		–	(5)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*9*	(0.58)	(1.56)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at December 31, 2020	As at December 31, 2021
		RMB'000 (Audited)	*RMB'000* (Unaudited)
NON-CURRENT ASSETS			
Property, plant and equipment		128,500	416,334
Right-of-use assets		57,675	55,274
Goodwill		9,305	9,305
Other intangible assets		22,120	22,120
Other non-current assets		120,038	121,616
Total non-current assets		337,638	624,649
CURRENT ASSETS			
Inventories	*10*	7,762	23,549
Prepayments, other receivables and other assets		19,903	88,460
Financial assets at fair value through profit or loss ("FVTPL")		325,890	–
Cash and bank balances		355,821	1,182,562
Total current assets		709,376	1,294,571
CURRENT LIABILITIES			
Trade payables	*11*	1,987	16,816
Other payables and accruals	*12*	51,160	114,615
Lease liabilities		4,334	7,862
Total current liabilities		57,481	139,293
NET CURRENT ASSETS		651,895	1,155,278
TOTAL ASSETS LESS CURRENT LIABILITIES		989,533	1,779,927
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*13*	–	50,000
Redemption liabilities on owners' capital	*14*	1,952,874	–
Lease liabilities		21,791	18,857
Deferred income		18,122	32,244
Deferred tax liabilities		5,530	5,530
Total non-current liabilities		1,998,317	106,631
NET (LIABILITIES)/ASSETS		(1,008,784)	1,673,296
(DEFICIENCY)/EQUITY			
Equity attributable to owners of the parent			
Share capital		–	448,250
Paid-in capital		36,069	–
Reserves		(1,044,853)	1,225,051
Non-controlling interests		–	(5)
Total (deficit)/equity		(1,008,784)	1,673,296

NOTES TO THE PRELIMINARY FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Jiangsu Recbio Technology Co., Ltd. (the "Company") was a limited liability company established in Taizhou, Jiangsu Province of the People's Republic of China (the "PRC") on May 18, 2012. On May 9, 2021, the Company was converted into a joint stock company under the Company Law of the PRC. The registered office of the Company is located at Room A217, Vaccine Engineering Centre, China Medical City High- tech Development Zone, Taizhou, Jiangsu Province, PRC.

During the year, Jiangsu Recbio Technology Co., Ltd. and its subsidiaries (collectively referred to as the "Group") were principally engaged in the research and development of vaccines in Mainland China.

As at the date of this report, Jiangsu Recbio Technology Co., Ltd. had direct interest in the following principal subsidiaries, the particulars of which are as follows:

Name	*Note*	Place and date of incorporation/ registration and place of business	Registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Beijing ABZYMO Biosciences Co., Ltd.* ("Beijing ABZYMO") 北京安百勝生物科技有限公司	*(a)*	PRC/Mainland China March 7, 2011	RMB11,032,500	100%	–	Research and development
Wuhan Ruikeji Biosciences Co., Ltd.,* 武漢瑞科吉生物科技有限公司		PRC/Mainland China September 28, 2021	RMB10,000,000	55%	–	Research and development
Wuhan Ruike Technology Co., Ltd,* 武漢瑞科生物技術有限公司		PRC/Mainland China September 28, 2021	RMB100,000,000	100%	–	Research and development

* The English name of the company registered in the PRC represent the best efforts made by management in directly translating the Chinese name of the company as no English name has been registered or is available.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The Preliminary Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). The Preliminary Financial Information does not include all of the information required for a complete set of financial statements prepared in accordance with the IFRSs.

The Preliminary Financial Information have been prepared under the historical cost convention, except for wealth management products which has been measured at fair value.

These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended December 31, 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group 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 (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The consolidated financial statements prepared following a reverse acquisition are issued under the name of the Company which is the legal parent (the accounting acquiree), but represent the continuation of the financial statements of Beijing ABZYMO which is the legal subsidiary (the accounting acquirer) except for its capital structure. The accounting acquirer's legal capital is adjusted retroactively to reflect the legal capital of the legal parent (the accounting acquiree).

The consolidated financial statements prepared following a reverse acquisition reflect:

(a) the assets and liabilities of the legal subsidiary (the accounting acquirer) were recognized and measured at their pre-combination carrying amounts;

(b) the assets and liabilities of the legal parent (the accounting acquiree) were recognized and measured in accordance with IFRS 3 (i.e. the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values);

(c) the excess of the fair value of the consideration transferred by the legal subsidiary (the accounting acquirer), over the fair value of the identifiable assets and liabilities of the legal parent (the accounting acquiree) at the completion date of the reverse acquisition was recognized as goodwill in the consolidated statement of financial position;

(d) the retained earnings and other equity balances recognized in the consolidated statement of financial position were the retained earnings and other equity balances of the legal subsidiary (the accounting acquirer) immediately before the completion of the reverse acquisition;

(e) the amount recognized as equity in the consolidated financial statements determined by adding the equity of the legal subsidiary (the accounting acquirer) immediately before the business combination to the fair value of the legal parent (the accounting acquiree);

(f) the equity structure (i.e. the number and type of equity interests) reflects the equity structure of the legal parent (the accounting acquiree), including the equity interests the legal parent (the accounting acquiree) issued to effect the combination;

Further details regarding to business combination are contained in note 31 to the Historical Financial Information.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the year ended December 31, 2021 as the Company, using consistent accounting policies. The results of the subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the ordinary owners/ordinary equity holders of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Issued but not yet effective IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRSs 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2,4]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]

1 Effective for annual periods beginning on or after January 1 2022

2 Effective for annual periods beginning on or after January 1 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to IFRS 17 issued in June 2020, the effective date of IFRS 17 was deferred to annual period beginning on or after January 1 2023, and IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1 2023

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

For the purpose of resource allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

The Group did not record any revenue during the year and the Group's non-current assets are substantially located in the PRC, accordingly, no analysis of geographical segment is presented.

4. OTHER INCOME AND GAINS, AND OTHER EXPENSES

An analysis of other income and gains is as follows:

	Year ended December 31,	
	2020	**2021**
	RMB'000 (Audited)	*RMB'000* (Unaudited)
Other income		
Bank interest income	2,625	10,355
Government grants related to income *(note i)*	1,458	6,199
Others	63	40
Gains		
Gain on fair value changes of financial assets	5,405	11,216
Other income and gains	9,551	27,810

Note i: The government grants and subsidies related to income have been received to compensate for the Group's research and development expenditures and business operations.

An analysis of other expenses is as follows:

	Year ended December 31,	
	2020	**2021**
	RMB'000 (Audited)	*RMB'000* (Unaudited)
Loss on disposal of items of property, plant and equipment	24	19
Foreign exchange losses, net	2,880	8,490
Others	–	1,100
	2,904	9,609

5. FINANCE COSTS

	Year ended December 31,	
	2020	**2021**
	RMB'000 (Audited)	*RMB'000* (Unaudited)
Interest on bank borrowings	–	1,604
Less: Interest capitalized	–	1,604
Interest on redemption liabilities on owners' capital	36,415	55,031
Interest on lease liabilities	697	1,277
	37,112	56,308

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

		Year ended December 31,	
	Notes	**2020**	**2021**
		RMB'000 (Audited)	*RMB'000* (Unaudited)
Depreciation of property, plant and equipment*		6,556	14,903
Depreciation of right-of-use assets*		6,207	7,555
Interest on lease liabilities		697	1,277
Expense relating to short-term leases*		432	490
Research and development costs		130,519	472,953
Loss on disposal of items of property, plant and equipment	*4*	24	19
Gain on fair value changes of financial assets	*4*	(5,405)	(11,216)
Government grants related to income	*4*	(1,458)	(6,199)
Foreign exchange differences, net	*4*	(2,880)	(8,490)
Bank interest income	*4*	(2,625)	(10,355)
Auditor's remuneration		15	451
Listing expense		–	21,936
Employee benefit expense* (excluding directors', chief executive's and supervisors' remuneration): Wages and salaries		43,460	100,522
Share-based payments expense		–	47,545
Pension scheme contributions, social welfare and other welfare		363	8,716
Interest charge for redemption liabilities	*14*	36,415	55,031

* The depreciation of property, plant and equipment, depreciation of right-of-use assets, expense relating to short-term leases and employee benefit expense are set out in "Administrative expenses" and "Research and development costs" in the consolidated statements of profit or loss and other comprehensive income.

7. INCOME TAX

Pursuant to the Enterprise Income Tax of the PRC and the respective regulations (the "EIT law"), the basic tax rate of the Group is at a rate of 25% on their respective taxable income.

The Group's PRC entities are in a loss position and have no estimated assessable profits.

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "EIT Law"), the Company is subject to EIT at a rate of 25% on the taxable income. Beijing ABZYMO obtained its certificate of high-technology enterprise on October 15, 2019 and is subject to income tax at 15% for three years of 2019 to 2021.

	Year ended December 31,	
	2020	**2021**
	RMB'000	*RMB'000*
Current income tax		
Charge for the year	–	–
Deferred income tax	–	–
Total tax (credit)/charge for the year/period	–	–

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries (Or jurisdictions) in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended December 31,	
	2020	**2021**
	RMB'000	*RMB'000*
Loss before tax	(179,400)	(657,566)
Tax at the statutory tax rate (25%)	(44,850)	(164,392)
Lower tax rates for specific provinces or enacted by local authority	4,962	8,691
Expenses not deductible for tax	9,339	48,872
Additional deductible allowance for qualified research and development costs	(22,203)	(69,844)
Tax losses and deductible temporary differences not recognized	52,752	176,673
Tax charge at the Group's effective rate	–	–

The Group has accumulated tax losses of RMB367,007,000 and RMB1,063,757,000 as at December 31, 2020 and 2021, respectively, that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose. The Group has deductible temporary differences of RMB46,488,000 and RMB109,018,000 at December 31, 2020 and 2021, respectively, which are mainly related to unpaid accrued expenses.

Deferred tax assets have not been recognized in respect of these losses and temporary differences as they have arisen in the Group that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,	
	2020	**2021**
	RMB'000	*RMB'000*
Tax losses	75,114	234,859
Deductible temporary differences	11,014	27,155
	86,128	262,014

8. DIVIDENDS

No dividends have been paid or declared by the Company during the year.

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts for the years ended December 31, 2020 and 2021 is based on the loss for the years attributable to ordinary owners/ordinary equity holders of the parent and the weighted average number of ordinary shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the Company was converted into a joint stock company (Capitalization Issue) and the share capital transfer from capital premium had been in effect on January 1, 2019.

No adjustment has been made to the basic loss per share amounts presented for the years ended December 31, 2020 and 2021 in respect of a dilution as the impact of the redemption liabilities on owner's capital had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	Year ended December 31,	
	2020	**2021**
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary owners/ordinary equity holders of the parent, used in the basic and diluted loss per share calculation (RMB'000)	(179,400)	(657,561)
Shares		
Weighted average number of ordinary shares assumed to be in issue during the year used in the basic and diluted loss per share calculation	308,530,830	421,443,519
Loss per share (basic and diluted) (RMB per share)	(0.58)	(1.56)

10. INVENTORIES

	As at December 31,	
	2020	**2021**
	RMB'000 (Audited)	*RMB'000* (Unaudited)
Raw materials	7,762	23,549
	7,762	23,549

11. TRADE PAYABLES

An ageing analysis of the trade payable as at the end of each of the year, based on the invoice date, is as follows:

	As at December 31,	
	2020	2021
	RMB'000 (Audited)	*RMB'000* (Unaudited)
Within 1 year	1,928	16,739
Over 1 year	59	77
	1,987	16,816

12. OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2020	2021
	RMB'000 (Audited)	*RMB'000* (Unaudited)
Deposits received from vendors	180	420
Payable for property, plant and equipment	1,081	7,523
Accrued listing expense	–	9,429
Accrued research and development expenses	23,117	29,151
Accrued renovation and construction expenses	11,157	38,440
Staff payroll, welfare and bonus payables	11,942	24,310
Tax payables	2,173	687
Other accrued expenses	1,378	3,564
Other payables	132	1,091
	51,160	114,615

Other payables and accruals of the Group and the Company are non-interest-bearing and have an average term of three months.

13. INTEREST-BEARING BANK BORROWINGS

	As at December 31, 2021		
	Effective interest rate per annum %	*Maturity*	*RMB'000*
Non-Current			
Bank loans – secured	4.65	2028	50,000

Analyzed into:

	As at December 31, 2021
	RMB'000 (Unaudited)
Bank loans repayable:	
In the third to fifth years, inclusive	50,000
	50,000

On January 26, 2021, the Company entered into a seven-year real estate mortgage agreement with Shanghai Pudong Development Bank Co., Ltd. Taizhou Branch. The total facility under this mortgage agreement was RMB200,000,000. The Company withdrawn RMB10,000,000, RMB10,000,000, RMB10,000,000 and RMB20,000,000 separately under this agreement on February 8, 2021, June 4, 2021, August 11, 2021 and November 11, 2021, which should be repaid since June 30, 2028. The borrowing was secured by leasehold land and bear a floating interest rate.

14. REDEMPTION LIABILITIES ON OWNERS' CAPITAL

	As at December 31,	
	2020	2021
	RMB'000	*RMB'000*
Series A	626,365	–
Series B	1,214,772	–
Interest payable related to redemption liabilities	111,737	–
	1,952,874	–

Pursuant to a capital contribution agreement dated January 24, 2019 entered into among series A investors and all our then Shareholders, the series A investors agreed to subscribe the increased registered capital of RMB12,763,462 of the Company at an aggregate consideration of RMB500,000,000. Also pursuant to an equity transfer agreement dated on August 7, 2019, certain series A investors acquired registered capital of the Company in a total amount of RMB2,702,541 from then shareholders at an aggregate consideration of RMB145,044,532 (together as "Series A Agreement").

Pursuant to a capital contribution agreement dated November 2, 2020, entered into among series A investors and all our then Shareholders, the series B investors agreed to subscribe the increased registered capital of RMB6,712,730 of the Company at an aggregate consideration of RMB686,256,000. Also pursuant to an equity transfer agreement dated on October 19, 2020, certain series B investors acquired registered capital of the Company in a total amount of RMB8,368,151 from then shareholders, including certain series A investors, at an aggregate consideration of RMB855,173,912 (together as "Series B Agreement").

Significant terms of the capital contribution agreements regarding to Series A and B financing above that will impact the accounting treatment of the Company are outlined below:

Redemption rights (effective from January 2019 and updated in November 2020)

Pursuant to the Series A Agreement, series A capital contribution and related shares being transferred in accordance with Series A Agreement shall be redeemable by the Company upon the occurrence of certain contingent events which cannot be controlled by the Company, including (i) The HPV nine valent vaccine developed by the Group has not been approved by the State Administration of pharmaceutical production before December 31, 2024.

(ii) Neither Herpesvirus vaccine or growth hormone developed by the Group has been approved for clinical trials and is in the process of phase III clinical trials before December 31, 2024. The price at which shares of series A contribution is redeemed shall be an amount that would give holders of series A a fifteen percent (15%) internal return rate for its investment in the Company plus all accrued but unpaid dividends.

Redemption rights (effective from November 2020)

Pursuant to the Series B Agreement, series B capital contribution and related shares being transferred in accordance with Series B Agreement shall be redeemable by the Company upon the occurrence of certain contingent events which cannot be controlled by the Company, including (i) The HPV nine valent vaccine developed by the Group has not been approved by the State Administration of pharmaceutical production before December 31, 2024. (ii) Neither Herpesvirus vaccine or growth hormone developed by the Group has been approved for clinical trials and is in the process of phase III clinical trials before December 31, 2024. The price at which shares of series A and series B contribution is redeemed shall be an amount that would give holders of series A and series B a twelve percent (12%) simple interest rate for its investment in the Company plus all accrued but unpaid dividends.

Presentation and classification

The redemption obligations give rise to financial liabilities, which are measured at the net present value of the redemption amount. The movements of redemption liabilities during the year are set out below.

The movements in redemption liabilities on owners' capital of the Group during the years are as follows:

	Series A	**Series B**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2020	**720,366**	**–**	**720,366**
Recognition of redemption liabilities on series B owners' capital *(Note a)*	–	1,214,772	1,214,772
Debt forgiveness *(Note b)*	(18,679)	–	(18,679)
Interest charge	17,577	18,838	36,415
At December 31, 2020 and January 1, 2021	**719,264**	**1,233,610**	**1,952,874**
Interest charge	5,053	49,978	55,031
Termination of redemption rights *(Note c)*	(724,317)	(1,283,588)	(2,007,905)
At December 31, 2021	–	–	–

(a) Pursuant to the Series A Agreement and Series B Agreement, the redemption obligations of the Company were applicable to holders of Series A and Series B. The net present value of redemption amount is recognized as a financial liability and debited to equity simultaneously.

(b) Pursuant to the Series B Agreement, the interest rate being used to calculate the redemption price of series A contribution was changed from fifteen percent (15%) to twelve percent (12%) which resulted to a decrease of the net present value of the redemption amount immediately prior to and subsequent to the Series B Agreement date. The decrease of the financial liabilities was deemed as the debt forgiveness from series A's owners and was credited to equity simultaneously.

(c) In March 2021, Series B+ shares capital contribution agreement (the "Series B+ Agreement") was signed by and between the Company and all existing owners. Pursuant to Series B+ Agreement, the obligation of the Company with regard to the redemption rights of holders of Series A and Series B was terminated. Accordingly, the carrying amount of the financial liabilities of all redemption liabilities was derecognized upon the termination of the term.

15. SHARE AWARD SCHEME

The Company adopted share award schemes (the "Schemes") for certain personnel in order to recognize and reward the contribution of certain directors and employees ("Granted employees") to the growth and development of the Group, and retain eligible employees for the continuous operation and development of the Group. During the year, the Group granted equity interests of the Company under the Schemes through Lianyungang Ruiwenshibole Biotechnology Partnership (L.P.) ("Ruiwenshibole"), Lianyungang Ruibaitai Pharmaceutical Technology Partnership (L.P.) ("Ruibaitai") and Lianyungang Ruibaihe Pharmaceutical Technology Partnership (L.P.) ("Ruibaihe"). All of the Ruiwenshibole, Ruibaitai and Ruibaihe are controlled by the general partners of the partnerships.

On March 25, 2021, 2.2% of the then equity interest in the Company were granted to 41 selected employees of the Company for a consideration of RMB12,738,000 through Ruiwenshibole. There was no vesting period for these equity interest granted.

On March 25, 2021, 2.8% of the then equity interest in the Company were granted to 41 selected employees of the Company for a consideration of RMB16,212,000 through Ruibaitai. The vesting period and vesting condition of the scheme were as follows.

In May 2021, 0.1038% of the then equity interest (equivalent to 46,544 shares before the Share Allotment, and 465,436 as adjusted after the Share Allotment) in the Company were forfeited due to the resign of one employee, and were transferred to another employee as newly granted share awards.

During July to November 2021, 0.0175% of the then equity interest (equivalent to 78,533 shares) in the Company were forfeited due to the resign of four employees and was transferred to another employee as newly granted share awards.

On September 27, 2021, 1.1% of the then equity interest (equivalent to 4,925,832 shares) in the Company were granted to 19 selected employees of the Company for a consideration of RMB9,572,000 through Ruibaihe. The 1.1% equity interest aforementioned was transferred from Mr. Yong Liu which has met the vesting condition and thus was regarded as newly granted share awards.

The vesting period and vesting condition of the granted equity interests through Ruibaitai and Ruibaihe were as follows.

Vesting %	**Vesting Period**
20%	(i) if employment with the Group exceeds two years: 20% of the share awards granted can be vested at grant date; (ii) otherwise, the vesting period is defined as grant date through the date reaching two years' employment with the Group
20%	3 years
60%	5 years

The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted less the consideration received by the Group. The fair value of the share award granted is measured as the market value at the grant date, which is determined using the discounted cash flows approach. Key assumptions including the discount rate, terminal growth rate and DLOM are required to be determined by the directors of the Company with best estimate.

	Grant date				
	On March 25, 2021	**On May 24, 2021**	**On July 31, 2021**	**On September 27, 2021**	**On November 18, 2021**
Discount rate	16%	15%	14.5%	14.5%	14.5%
Terminal growth rate	0%	0%	0%	0%	0%
DLOM	15%	11%	9.5%	8.0%	7.0%

During the year ended December 31, 2021, share based payment of RMB137,689,000 was charged to profit or loss.

BUSINESS REVIEW AND OUTLOOK

Founded in 2012, we are a vaccine company dedicated to the research, development and commercialization of subunit vaccines. We primarily focus on the R&D of HPV vaccine candidates. We have established a vaccine portfolio consisting of 12 vaccine candidates, including our Core Product, REC603, a recombinant HPV 9-valent vaccine to prevent cervical cancer which is currently under phase III clinical trial. We have completed subject enrollment for REC603 and we plan to complete the three-shot dosing in the first half of 2022, and to submit the BLA application to the NMPA by 2025. In addition, we are also conducting a global phase II/III clinical trial for ReCOV, our COVID-19 vaccine candidate and had initiated subject enrollment in the Philippines. In 2021, our total comprehensive loss for the year amounted to RMB657.6 million, as compared to RMB179.4 million in 2020. Such increase was primarily because we have made every effort to ensure the development and advancement of our vaccine candidates towards commercialization, despite not yet successfully advancing any vaccine candidates to commercial sale. In particular, we have incurred significant expenses related to the research and development of our vaccine candidates. For the year ended December 31, 2021, our research and development costs amounted to RMB473.0 million, respectively, as compared to RMB130.5 million in 2020. We expect to continue to incur net losses in the near future as we further our research and development efforts, continue the development of, seek regulatory approval for, and commercialize our vaccine candidates.

Going forward, we plan to implement the following strategies, which we believe, will further strengthen our core competitive strengths and enable us to capture rising business opportunities:

- accelerate the R&D, clinical trial and commercialization of our vaccine candidates;
- continue to strengthen our R&D capabilities;
- refine our organization structure and human resource management to enhance our competitiveness; and
- advance our international strategy through “going-out” and “bringing-in” strategies.

Since December 31, 2021 and up to the Latest Practicable Date, we have further advanced clinical trials for our vaccine candidates, and to the best of our knowledge, there is no change to the overall economic and market condition in China or in the industry in which we operate that may have a material adverse effect to our business operations and financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND OPERATION RESULTS

Analysis of Key Items of Results of Operations

Other Income and Gains

Our other income and gains increased by 191.2% from RMB9.6 million in 2020 to RMB27.8 million in 2021, primarily attributable to (i) RMB7.8 million increase in bank interest income from RMB2.6 million in 2020 to RMB10.4 million in 2021 resulting from the increased cash and bank balances from pre-IPO financing; (ii) RMB5.8 million in gain on fair value changes of financial assets from RMB5.4 million in 2020 to RMB11.2 million in 2021; and (iii) RMB4.7 million increase in government grants from PRC local government authorities to support research and development of our vaccine candidates and our operations.

Selling and Distribution Expenses

We recorded selling distribution expenses for an amount of RMB3.5 million in 2021 mainly represented the salaries incurred for our sales and marketing personnel in anticipation the upcoming commercialization of ReCOV.

Research and Development Costs

Our research and development costs increased by 262.4% from RMB130.5 million in 2020 to RMB473.0 million in 2021. Such increase in research and development costs resulted from the following:

- RMB107.9 million increase of clinical trial expenses from RMB5.6 million in 2020 to RMB113.5 million in 2021, primarily attributable to the initiation of phase III clinical trial for REC603 in June 2021 as well as the initiation of clinical trials for ReCOV;

- RMB104.8 million increase of staff costs from RMB33.9 million in 2020 to RMB138.6 million in 2021, primarily attributable to the increased share-based compensation to our R&D personnel in 2021 because of the shares we granted to our research and development personnel in 2021; and

- RMB83.7 million increase of pre-IND expenses from RMB54.9 million in 2020 to RMB138.6 million in 2021, primarily attributable to the preclinical studies in relation to our preclinical stage vaccine candidates.

Administrative Expenses

Our administrative expenses increased significantly from RMB18.4 million in 2020 to RMB143.0 million in 2021, primarily attributable to (i) an increase in employee costs from RMB9.6 million in 2020 to RMB95.6 million in 2021 mainly due to the shares we granted to our administrative personnel; (ii) we incurred listing expenses of RMB21.9 million in 2021; and (iii) an increase of RMB6.0 million in our utilities and office expenses.

Other Expenses

Our other expenses increased from RMB2.9 million in 2020 to RMB9.6 million in 2021, primarily due to the foreign exchange losses.

Finance Costs

Our finance costs increased by 51.7% from RMB37.1 million in 2020 to RMB56.3 million in 2021, primarily due to an increase in interest on redemption liabilities on owner's capital and interest on lease liabilities.

Analysis of Key Items of Financial Position

Net Current Assets

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,	
	2020	**2021**
	(RMB in thousands)	
Current assets		
Inventories	7,762	23,549
Prepayments, other receivables and other assets	19,903	88,460
Financial assets at FVTPL	325,890	–
Cash and bank balances	355,821	1,182,562
Total current assets	**709,376**	**1,294,571**
Current liabilities		
Trade payables	1,987	16,816
Other payables and accruals	51,160	114,615
Lease liabilities	4,334	7,862
Total current liabilities	**57,481**	**139,293**
Net current assets	**651,895**	**1,155,278**

Our net current assets increased from RMB651.9 million as of December 31, 2020 to RMB1,155.3 million as of December 31, 2021, primarily due to the proceeds we received from our series B+ and Series C financing.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets increased from RMB19.9 million as of December 31, 2020 to RMB88.5 million in as of December 31, 2021, primarily due to (i) an increase of RMB40.8 million in value-added tax recoverable because we procured equipment and construction services for our manufacturing facilities; (ii) an increase of RMB14.3 million in prepayments for raw materials which is in line with our clinical trial progress; and (iii) we incurred RMB11.4 million deferred listing expenses in relation to our proposed listing.

Financial Assets at FVTPL

Our financial assets at FVTPL decreased from RMB325.9 million as of December 31, 2020 to nil as of December 31, 2021, primarily because the structured deposits we purchased were matured and subsequently we redeemed such financial assets by the end of 2021.

Cash and Bank Balances

Our cash and bank balances increased from RMB355.9 million as of December 31, 2020 to RMB1,182.6 million as of December 31, 2021, primarily due to primarily due to the redemption of certain matured sturctured deposits and the completion of our series B+ and Series C financing.

Other Payables and Accruals

Our other payables and accruals increased from RMB51.2 million as of December 31, 2020 to RMB114.6 million as of December 31, 2021, primarily due to (i) an increase in accrued renovation and construction expenses from RMB11.2 million as of December 31, 2020 to RMB38.4 million as of December 31, 2021 in line with the construction progress of our manufacturing facilities; (ii) an increase in staff payroll, welfare and bonus payables from RMB11.9 million as of December 31, 2020 to RMB24.3 million as of December 31, 2021 mainly in relation to our business expansion; and (iii) an increase in accrued research and development expenses from RMB23.1 million as of December 31, 2020 to RMB29.2 million as of December 31, 2021 mainly due to the payables to CROs for the clinical trials in relation to ReCOV.

Indebtedness

The following table sets forth the breakdown of our loans and borrowings from third parties as of the dates indicated:

	As of December 31,	
	2020	**2021**
	(RMB in thousands)	
		(Unaudited)
Current liabilities		
Lease liabilities	4,334	7,862
Non-current liabilities		
Interest bearing and other borrowings	–	50,000
Lease liabilities	21,791	18,857
Redemption liabilities on owners' capital	1,952,874	–
Total indebtedness	1,978,999	76,719

Key Financial Ratios

The following table sets forth our selected key financial ratio:

	As of/for the year ended December 31,	
	2020	**2021**
		(unaudited)
Current ratio[(1)]	12.3	9.3

Note:

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

Our current ratio decreased from 12.3 as of December 31, 2020 to 9.3 as of December 31, 2021, mainly because our current liabilities had increased at a higher rate than our current assets. The increase in our current liabilities was primarily attributable to the increase in other payables and accruals, which is in line with the research and development progress of our vaccine candidates.

DISCLOSURE ABOUT MARKET RISK

See "Financial Information – Market Risk Disclosure" in this prospectus for further information.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since we were not yet listed on the Stock Exchange during the year ended December 31, 2021, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules was not applicable to us during such period under review. After the Listing, we will comply with all the code provisions set forth in the Corporate Governance Code.

REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

The members of the audit committee have discussed with our management, and reviewed, the Preliminary Financial Information as set out in the appendix.

The figures in respect of our Group's consolidated statement of financial position, consolidated statement of profit or loss, statement of comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out in the Preliminary Financial Information above have been agreed to by the Reporting Accountants following their work under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcement of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants, to the amounts set out in our Group's draft consolidated financial statements for the year. The work performed by the Reporting Accountants in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Reporting Accountants on the Preliminary Financial Information.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S SHARES

Since we were not yet listed on the Stock Exchange in during the year ended December 31, 2021, this disclosure requirement is not applicable to us.

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, is subject to change and does not constitute legal or tax advice. The discussion does not deal with all possible tax consequences relating to an investment in the H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H Shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change and may have retrospective effect.

This discussion does not address any aspects of PRC or Hong Kong taxation other than income tax, capital tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

A. The PRC Taxation

Taxation on Dividends

Individual Investors

According to the *Individual Income Tax Law of the People's Republic of China* (hereinafter referred to as the "Individual Income Tax Law") that was promulgated on 10 September 1980 and amended on 31 August 2018 by the Standing Committee of the thirteenth National People's Congress, and came into effect on 1 January 2019, and the *Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China* that were amended by the State Council on 18 December 2018 and came into effect on 1 January 2019, dividends paid by Chinese companies to individual investors are generally subject to a withholding tax at a flat rate of 20%. In addition, according to the *Notice on Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies* issued by the Ministry of Finance on 7 September 2015, where an individual acquires stocks of a listed company from public offering of the company or from the stock transfer market and holds the stocks for more than one year, the income from dividends is exempted from individual income tax; if the individual holds the stocks for one month or less, the income from dividends is fully taxable; if the individual holds the stocks for one month to one year (one year inclusive), 50% of the income from dividends is taxable; The aforesaid income is subject to an individual income tax at a flat rate of 20%. In fact, the withholding tax rate for dividends of non-resident individuals may be lower than 20% under certain circumstances.

Pursuant to the *Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income* signed on 21 August 2006, the Chinese government may impose tax on dividends paid by a Chinese company to a resident of the Hong Kong Special Administrative Region (HKSAR) (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable. If an HKSAR resident directly holds 25% or more of the equity interest in a Chinese company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The *Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income issued by the State Administration of Taxation* effective on 6 December 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions.

Corporate Investors

According to the *Law of the People's Republic of China on Enterprise Income Tax* (hereinafter referred to as the "Enterprise Income Tax Law") that was amended and came into effect on 29 December 2018, and the *Regulations for the Implementation of the Law of the People's Republic of China on Enterprise Income Tax* that were amended and came into effect on 23 April 2019, where a non-resident enterprise has not set up any institutions or establishments in China, or it has done so, but its income generated in China is irrelevant to the said institutions or establishments, it shall pay tax on the portion of its income generated in China (including dividends received from a Chinese resident enterprise whose shares are issued and listed in HKSAR) and the enterprise income rate is generally 10%. The aforesaid income tax payable by a non-resident enterprise must be withheld at source. The payer of the income is the withholding obligator. The withholding tax may be reduced or eliminated under an applicable treaty for the avoidance of double taxation.

The *Notice of the Issues Concerning Withholding Enterprise Income Tax on the Dividends Distributed by Chinese Resident Enterprises to Overseas H-share Non-Chinese Resident Enterprise Shareholders* that was promulgated by the State Administration of Taxation and came into effect on 6 November 2008, further clarifies that with regard to dividends distributed from profits generated after 1 January 2008, Chinese resident enterprises must withhold and pay enterprise income tax at a tax rate of 10% on dividends distributed to H-share non-Chinese resident enterprise shareholders. The *Reply of the Imposition of Enterprise Income Tax on B-share and Other Dividends of Non-resident Enterprises* that was promulgated by the State Administration of Taxation on 24 July 2009, further provides that any Chinese resident enterprise listed on any overseas stock exchange must withhold enterprise income tax at a rate of 10% on dividends distributed to non-Chinese resident enterprise shareholders. Such tax rates may be further changed pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the *Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income* signed on 21 August 2006, the Chinese government may impose tax on dividends paid by a Chinese company to an HKSAR resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of the dividends payable. If an HKSAR resident directly holds 25% or more of the equity interest in a Chinese company, such tax shall not exceed 5% of the total dividends payable by the Chinese company. The *Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income issued by the State Administration of Taxation* effective on 6 December 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions.

Tax Treaties

Non-Chinese resident investors residing in countries that have entered into treaties for the avoidance of double taxation with China or residing in HKSAR or Macau Special Administrative Region are entitled to preferential tax rates on dividends received by such investors from the Chinese companies. China has entered into arrangements for the avoidance of double taxation with HKSAR and Macau Special Administrative Region, respectively, and has entered into treaties for the avoidance of double taxation with certain other countries, including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, Netherlands, Singapore, the United Kingdom and the United States. A non-Chinese resident enterprise entitled to a preferential tax rate under a relevant income tax treaty or arrangement may apply to China tax authorities for a refund of the difference between the amount of tax withheld and the amount of tax calculated according to the treaty rate.

Taxes on Income from Transfer of Equity

Individual Investors

According to the *Individual Income Tax Law* and its implementation regulations, individuals shall pay the individual income tax at the rate of 20% on their income from the sale of equity in Chinese resident enterprises. In accordance with the *Circular of the Declaring that Individual Income Tax Continues to Be Exempted over Income of Individuals from Transfer of Shares* (hereinafter referred to as "No. 61 Circular") that was promulgated by the Ministry of Finance and the State Administration of Taxation on 20 March 1998, from 1 January 1997, income of individuals from the transfer of shares of listed companies remain exempted from individual income tax. According to the *Announcement of the Ministry of Finance and the State Administration of Taxation about the Catalogue of Preferential Individual Income Tax Policies with Continued Effect* promulgated by the Ministry of Finance and the State Administration of Taxation on 29 December 2018, the No. 61 Circular will remain effective.

Corporate Investors

According to the *Enterprise Income Tax Law* and its implementation regulations, where a non-Chinese resident enterprise has not set up any institutions or establishments in China, or it has done so but its income generated in China is irrelevant to the said institutions or establishments, it shall pay tax on the portion of its income generated in China (including gains from the disposal of shares of Chinese resident enterprises) and the enterprise income rate is generally 10%. Such tax may be reduced or eliminated under applicable tax treaties or arrangements.

Tax Policies for Shanghai – Hong Kong Stock Connect

On 31 October 2014, the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission jointly promulgated the *Circular on the Relevant Taxation Policy for the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets* (hereinafter referred to as "Shanghai – Hong Kong Stock Connect Taxation Policy"). Pursuant to the *Shanghai – Hong Kong Stock Connect Taxation Policy*, the income from the transfer price difference obtained by corporate investors of the mainland of China investing in stocks listed on the Hong Kong Exchanges and Clearing Market through Shanghai – Hong Kong Stock Connect is included in their total income and enterprise income tax is levied on such income in accordance with the law. Pursuant to the *Announcement on Continued Implementation of Individual Income Tax Policies Relating to Interconnection Mechanism for Transactions in Shanghai – Hong Kong Stock Markets and Shenzhen – Hong Kong Stock Markets and Mutual Recognition of Funds Between the Mainland of China and the Hong Kong Special Administrative Region* that came into effect on 5 December 2019, from 5 December 2019 to 31 December 2022, the income from the transfer price difference obtained by individual investors of the mainland of China investing in stocks listed on the Hong Kong Exchanges and Clearing Market through Shanghai-Hong Kong Stock Connect is exempted from individual income tax. For dividends and bonus obtained by individual investors of the mainland of China investing in H-shares listed on the Hong Kong Exchanges and Clearing Market through Shanghai – Hong Kong Stock Connect, the H-share companies shall apply to China Securities Depository and Clearing Co., Ltd. (Hereinafter referred to as "CSDCC") for provision by CSDCC to the H-share companies the register of individual investors of the mainland of China. The H-share companies shall withhold individual income tax at a rate of 20%.

The income from dividends and bonus obtained by corporate investors of the mainland of China investing in stocks listed on the Hong Kong Exchanges and Clearing Market through Shanghai – Hong Kong Stock Connect is included in their total income. The enterprise income tax is levied on such income in accordance with the law. In particular, enterprise income tax will be exempted according to law for income from dividends and bonus obtained by resident enterprises of the mainland of China that hold H-shares for at least 12 consecutive months. The H-share companies do not need to withhold tax on the income from dividends and bonus obtained by corporate investors of the mainland of China. The tax payable shall be declared and paid by the enterprises themselves.

Tax Policies for Shenzhen – Hong Kong Stock Connect

On 5 November 2016, the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission jointly issued the *Circular on the Relevant Taxation Policy for the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets* (hereinafter referred to as "Shenzhen – Hong Kong Stock Connect Taxation Policy"). Pursuant to the *Shenzhen – Hong Kong Stock Connect Taxation Policy*, the income from the transfer price difference obtained by corporate investors of the mainland of China investing in stocks listed on the Hong Kong Exchanges and Clearing Market through Shenzhen – Hong Kong Stock Connect is included in their total income. The enterprise income tax is levied on such income in accordance with the law. Pursuant to the *Announcement on Continued Implementation of Individual Income Tax Policies Relating to Interconnection Mechanism for Transactions in Shanghai – Hong Kong Stock Markets and Shenzhen – Hong Kong Stock Markets and Mutual Recognition of Funds Between the Mainland of China and the Hong Kong Special Administrative Region* that came into effect on 5 December 2019, from 5 December 2019 to 31 December 2022, the income from the transfer price difference obtained by individual investors of the mainland of China investing in stocks listed on the Hong Kong Exchanges and Clearing Market through Shenzhen – Hong Kong Stock Connect are exempted from individual income tax. For dividends and bonus obtained by individual investors of the mainland of China investing in The PRC listed on the Hong Kong Exchanges and Clearing Market through Shanghai – Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for provision by CSDCC to the H-share companies the register of individual investors of the mainland of China, and CSDCC shall withhold individual income tax at a rate of 20%.

The income from dividends and bonus obtained by corporate investors of the mainland of China investing in stocks listed on the Hong Kong Exchanges and Clearing Market through Shenzhen – Hong Kong Stock Connect is included in their total income. The enterprise income tax is levied on such income in accordance with the law. Enterprise income tax is exempted according to law for income from dividends and bonus obtained by resident enterprises of the mainland of China that hold H-shares for at least 12 consecutive months. The H-share companies do not need to withhold tax on the income from dividends and bonus obtained by corporate investors of the mainland of China. The tax payable shall be declared and paid by the enterprises themselves.

Chinese Stamp Duty

In accordance with the *Provisional Regulations of China Concerning Stamp Duty* that were amended on 8 January 2011 and the *Rules for Implementation of Provisional Regulations of China Concerning Stamp Duty* that came into effect on 1 October 1988, Chinese stamp duty is imposed on documents that are legally binding in China and governed by Chinese laws. Therefore, Chinese stamp duty does not apply to acquisitions or dispositions of H-shares outside China.

Estate Duty

China currently has not imposed any estate tax.

B. Hong Kong Taxation

Taxation on Dividends

No tax is payable in Hong Kong in respect of dividends paid by our Company.

Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional advisers as to their particular tax position.

Stamp Duty

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.26% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of Shares.

FRC Transaction Levy

The FRC Transaction Levy was applicable to all sale and purchase of securities at 0.00015% per side with effect from 1 January 2022, which will be regarded as one of the transaction costs.

Estate Duty

Hong Kong estate duty was abolished effective from 11 February 2006. No Hong Kong estate duty is payable by Shareholders in relation to the Shares owned by them upon death.

1. PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the *Enterprise Income Tax Law*, the enterprise income tax rate in China is 25% and is in line with the rate applicable to foreign-invested enterprises and foreign enterprises.

According to the *Administrative Measures for Recognition of High and New-Technology Enterprises* that was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on 14 April 2008, amended on 29 January 2016 and came into effect on 1 January 2016, high- and new-tech enterprises can apply for a

preferential enterprise income tax rate of 15% in accordance with the *Enterprise Income Tax Law*. According to the *Notice Regarding the Promotion of the Income Tax Policy for Technologically Advanced Service Enterprises to the Whole Country* that was promulgated by the Ministry of Finance, the State Administration of Taxation, the Ministry of Commerce, the Ministry of Science and Technology, and the National Development and Reform Commission on 2 November 2017 and came into effect on 1 January 2017, technologically advanced service enterprises are entitled to a reduced rate of 15% for the enterprise income tax nationwide. The education expenditures of employees in recognized technologically advanced service enterprises that do not exceed 8% of the total wages and salaries can be deducted from the taxable income. The excess is allowed to be carried forward for deduction in subsequent tax years.

Value-added Tax

Pursuant to the *Interim Regulations on Value-added Tax* that were amended and came into effect on 19 November 2017, all organizations and individuals engaged in sales of goods, provision of processing, repairs and replacement services, or import of goods within the territory of China are subject to value-added tax ("VAT"). For taxpayers selling or importing goods, except as otherwise provided in the above regulations, the general tax rate is 17%.

The *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner* (Cai Shui [2016] No. 36) that promulgated by the Ministry of Finance and the State Administration of Taxation on 23 March 2016 and came into effect on 1 May 2016, upon approval of the State Council, the pilot program of replacing business tax with value-added tax will be promoted nationwide from 1 May 2016. All business tax taxpayers in the construction industry, the real estate industry, the financial industry, and the living service industry are included in the scope of the pilot program. The payment of business tax will be replaced by the payment of VAT. Pursuant to the *Measures for the Implementation of the Pilot Program of Replacing Business Tax with Value-Added Tax* that was issued and came into effect at the same time with the aforementioned notice, the tax rates applied to taxpayers for selling services, intangible assets or real estates shall be 17%, 11%, 6% and zero, respectively.

Pursuant to *Notice on Adjusting Value-added Tax Rates* that was promulgated by the by the Ministry of Finance and the State Administration of Taxation on 4 April 2018 and came into effect on 1 May 2018, for taxpayers engaging in taxable sales or import of goods, the previously applicable VAT rates of 17% and 11% are adjusted to 16% and 10%, respectively.

Pursuant to the *Announcement on Relevant Policies for Deepening the VAT Reform* that was promulgated by the by the Ministry of Finance, the State Administration of Taxation and General Administration of Customs on 20 March 2019 and came into effect on 1 April 2019, for taxpayers engaging in taxable sales or import of goods, the previously applicable VAT rates of 16% and 10% are adjusted to 13% and 9%, respectively.

2. TAXATION OF OUR COMPANY IN HONG KONG

Profits Tax

Our Company will be subject to Hong Kong profits tax in respect of profits arising in or derived from Hong Kong at the current rate of 16.5%. Dividend income derived by our Company from its subsidiaries will be excluded from Hong Kong profits tax.

3. FOREIGN EXCHANGE

The lawful currency of China is the RMB, that is currently subject to foreign exchange control and is not freely convertible into foreign exchange. The State Administration of Foreign Exchange under the People's Republic of China is responsible for administration of all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On 29 January 1996, the State Council promulgated the *Regulations on the Foreign Exchange System of the People's Republic of China* (hereinafter referred to as the "Foreign Exchange Control Regulations") that came into effect on 1 April 1996. The *Foreign Exchange Control Regulations* classify all international payments and transfers into current account items and capital account items. Most of the current account items are no longer subject to the State Administration of Foreign Exchange's approval, while capital account items remain subject to the approval. The *Foreign Exchange Control Regulations* were amended on 14 January 1997 and 5 August 2008. The latest amendment to the *Foreign Exchange Control Regulations* stipulates that the state will not impose any restriction on international current account payments and transfers.

On 20 June 1996, the People's Republic of China promulgated the *Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange* (hereinafter referred to as the "Settlement Regulations") that came into effect on 1 July 1996. The *Settlement Regulations* abolished the remaining restrictions on convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

According to the *Announcement on Improving the Reform of the RMB Exchange Rate Formation Mechanism* promulgated by the People's Bank of China on 21 July 2005, China began to implement a managed floating exchange rate system in that the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. The RMB exchange rate was no longer pegged to USD. The People's Bank of China would publish the closing price of the RMB against foreign currencies such as USD in the inter-bank foreign exchange market after the closing of the market on each business day, which would be used as the central parity for RMB transactions on the following business day.

From 4 January 2016, the People's Bank of China introduced over-the-counter transactions into the inter-bank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of RMB exchange rates, and the practice of matching was kept at the same time. In addition, the People's Bank of China introduced the market-maker system to provide liquidity to the foreign exchange market. On 1 July 2014, the the People's Bank of China further improved the market-oriented formation mechanism of the RMB exchange rate by authorizing the China Foreign Exchange Trade System to make inquiries with the market makers before the inter-bank foreign exchange market opens every day for their offered quotations. The inquiries serve as samples to calculate the central parity of the RMB against USD, and are announced at 9:15 a.m. on each business day.

On 5 August 2008, the State Council promulgated the amended *Regulations of the People's Republic of China on Foreign Exchange Control* (hereinafter referred to as the "Amended Foreign Exchange Control Regulations"), which have made substantial changes to the foreign exchange supervision system of China. First, the *Revised Foreign Exchange Control Regulations* have adopted an approach of balancing the inflow and outflow of funds. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital accounts are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. Second, the *Revised Foreign Exchange Control Regulations* have improved the RMB exchange rate formation mechanism based on market supply and demand. Third, the *Revised Foreign Exchange Control Regulations* have enhanced the monitoring of cross-border foreign currency fund flows. In the event that receipts and payments in connection with international transactions suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures. Fourth, the *Revised Foreign Exchange Control Regulations* have enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to the State Administration of Foreign Exchange to enhance its supervisory and administrative powers.

Pursuant to the relevant State rules and regulations, all of the foreign exchange income of Chinese enterprises from the current account items transactions may be retained or sold to financial institutions operating a foreign exchange sale or settlement business. Foreign exchange income from loans granted by overseas institutions or from the issuance of bonds and shares is not required to be sold to, but may be deposited in foreign exchange accounts at, designated foreign exchange banks.

Chinese enterprises (including foreign-funded enterprises) that need foreign exchange for transactions relating to current account items may, without the approval of the State Administration of Foreign Exchange, effect exchange and payment from their foreign exchange accounts or at the designated foreign exchange banks, on the strength of valid receipts and proof. Foreign-funded enterprises that need foreign exchange for the distribution of profits to their shareholders and Chinese enterprises that are required to pay dividends to their shareholders in foreign exchange in accordance with regulations, may, on the strength of resolutions of the board of directors or the shareholders' meeting approving the distribution of profits, effect exchange and payment from their foreign exchange accounts or convert and pay dividends at the designated foreign exchange banks.

Pursuant to the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Administration for Overseas Investment and Financing and Round-trip Investment Conducted by Domestic Residents through Special Purpose Companies (國家外匯管理局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), which was promulgated by the SAFE on 4 July 2014, a domestic resident shall, before contributing the domestic and overseas lawful assets or interests to a SPV, apply to the foreign exchange office for foreign exchange registration of overseas investments. A domestic resident making capital contribution using its legitimate assets or interests in China shall apply to the foreign exchange bureau at its place of registration or the foreign exchange bureau at the location of the enterprise assets or interests to complete registration formalities. A domestic resident making capital contribution using its legitimate assets or interests overseas shall apply to the foreign exchange bureau at its place of registration or foreign exchange bureau at its place of home register to complete registration formalities. A domestic resident may only carry out subsequent business after registration of foreign exchange for overseas investment. Where a domestic resident fails to go through relevant foreign exchange registration as required, fails to truthfully disclose information on the actual controller of the enterprise involved in the return investment or otherwise makes false commitments, the SAFE will impose penalties in accordance with the relevant provisions of the Foreign Exchange Control Regulations.

According to Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for 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), which was promulgated by the SAFE on 13 February 2015, the administrative approval for foreign exchange registration under domestic direct investment and overseas direct investment have been cancelled. A market player involved may elect a bank at the place of its incorporation for direct investment foreign exchange registration. Upon registration, it may open an account, transfer funds and other businesses for subsequent direct investment, including inward or outward remittances of profits and bonus.

The *Decisions of Matters including Canceling and Adjusting a Batch of Administrative Approval Items* promulgated on 23 October 2014 canceled the approval requirement of the State Administration of Foreign Exchange and it branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into domestic RMB accounts.

Pursuant to the *Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing* promulgated by the State Administration of Foreign Exchange on 26 December 2014, a domestic issuer shall, within 15 business days from completion of its initial public offering overseas, register the overseas listing with the State Administration of Foreign Exchange's local branch at the place of its incorporation. The proceeds of a domestic issuer from an overseas listing may be remitted to a domestic account or deposited overseas, and the use of the proceeds must be consistent with the content of the prospectus and other disclosure documents.

Pursuant to the *Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Account Items* promulgated by the State Administration of Foreign Exchange on 9 June 2016, discretionary settlement of foreign exchange capital income can be handled at the banks based on the actual operating needs of the domestic companies. The proportion of discretionary settlement of foreign exchange capital income for domestic companies is temporarily set at 100%. The State Administration of Foreign Exchange may adjust the above proportion in due course based on international balance of payments.

On 26 January 2017, the State Administration of Foreign Exchange released the *Notice of the Foreign Exchange on Further Promoting Trade and Investment Facilitation and Improving the Authenticity Review*, to further expand the settlement scope for foreign exchange loans at home and abroad: allowing domestic foreign exchange loans in imports and exports of goods to handle foreign exchange settlement; Allowing funds to be transferred back to China under domestic guarantees and foreign loans; Allowing foreign exchange settlement in domestic foreign exchange accounts of foreign institutions in the Pilot Free Trade Zone; Full-caliber domestic currency and foreign currency lending management is implemented. For domestic institutions applying for overseas lending, the total balance of foreign lending of domestic currency and foreign currency must not exceed 30% of the owner's equity in the audited financial statements of the previous year.

On 23 October 2019, the State Administration of Foreign Exchange released the *Circular on Further Promoting the Facilitation of Cross-border Trade and Investment* that came into effect on the same date (Article 8.2 came into effect on 1 January 2020). Under this circular, on the basis that investing foreign-funded enterprises (including foreign-funded companies, foreign-funded venture capital enterprises and foreign-funded equity investment enterprises) may make domestic equity investments with their capital funds in accordance with laws and regulations, non-investing foreign-funded enterprises are permitted to legally make domestic equity investments with their capital funds under the premise that the existing special administrative measures (negative list) for foreign investment access are not violated and domestic investment projects are true and compliant.

Pursuant to the *Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business* issued by the State Administration of Foreign Exchange on 10 April 2020, eligible enterprises can use receipts under the capital accounts such as capital funds, external debts and overseas listings for domestic payment without providing banks with authenticity certification materials on a transaction-by-transaction basis in advance, under the premise that funds are used in a truthful and compliant manner and comply with the existing provisions on the administration of use of receipts under capital accounts. Banks shall, with the principle of prudential business development, manage and control the relevant business risks, and conduct ex post random inspection over the facilitation of receipts and payments under capital accounts according to the relevant requirements.

THE PRC LEGAL SYSTEM

The PRC legal system is composed of the constitution, laws, administrative regulations, local regulations, separate rules, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomy regulations, separate rules of autonomous regions and international treaties of which the PRC government is a signatory. Court judgements do not constitute binding precedents, although they may be used for the purpose of judicial reference and guidance.

Pursuant to The PRC Constitution (《中華人民共和國憲法》) (hereinafter referred to as "Constitution") and the Legislation Law of the PRC (《中華人民共和國立法法》) (hereinafter referred to as "Legislation Law"), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws governing criminal and civil matters, State institutions and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required by to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during its adjournment, provided that such supplements and amendments shall not be in conflict with the principles of such laws.

The State Council is the highest administrative organs of the state, and enacts administrative regulations under the Constitution and laws.

People's congresses of provinces, autonomous regions and municipalities directly under the central government and their respective standing committees may formulate local regulations based on the specific circumstances and requirements of the local administrations, provided that such local regulations shall not be in conflict with the constitution, laws, and administrative regulations.

The ministries, commissions, PBOC, National Audit Office and the State Committee of Supervisory with administrative functions may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council. In order to implement the laws, administrative regulations and decisions and rulings of the State Council, provisions of rules and regulations within the jurisdiction are formulated.

People's congresses of larger cities and their respective standing committees may enact local regulations based on the specific circumstances and actual needs which shall come into effect upon approval from the respective standing committees of the people's congresses of the provinces and autonomous regions, provided that such local regulations shall not be in conflict with the constitution, laws, and administrative regulations.

People's congresses of autonomous regions may enact autonomy regulations and separate rules in the light of the political, economic and cultural characteristics of the local nationalities, which shall come into effect upon approval from the Standing Committee of the NPC. Adaptations of provisions of laws and administrative regulations may be introduced to the autonomy regulations and separate rules so long as they do not contravene the basic principles of the laws or administrative regulations, and no adaptations shall be made to the specific provisions on national autonomous areas in the constitutions, national region autonomy law and other relevant laws and administrative regulations.

People's governments of provinces, autonomous regions and municipalities directly under the central government and larger cities may formulate rules according to laws, administrative regulations and relevant local regulations.

The Constitution, enacted by the NPC, is basis of the PRC legal system and has supreme legal authority, and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The significance of laws is greater than that of administrative regulations, local regulations, and rules. The significance of administrative regulations is greater than that of local regulations and rules. The significance of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The significance of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or separate regulations which has been approved by the standing committees of the NPC of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congress of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at the lower level.

According to the Constitution, the authority of the interpretation of laws shall be vested to the Standing Committee of the NPC. According to the Decision of the Standing Committee of the National People's Congress Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, interpretation on the application of laws and decrees in court trails and the procuratorial work of the procuratorates shall be given by the Supreme People's Court and the Supreme People's Procuratorate, respectively. Interpretation of the laws and decrees unrelated to trials and procuratorial work shall be given by the State Council and the competent ministries and commissions.

In the case that clarification or additional provisions shall be made for the local regulations, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the central government which enacted such regulations shall give the interpretation or formulate the additional provisions. Interpretation on the application of local regulations shall be given by the competent departments under the people's government of the respective provinces, autonomous regions and municipalities directly under the central government.

PRC JUDICIAL SYSTEM

Under the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) which was enacted on January 1, 1980 and last amended on October 26, 2018 and took effect on January 1, 2019, the judicial system in PRC is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may be organized into civil, criminal, and economic tribunals. The intermediate people's courts may be organized into divisions similar to those of the basic people's courts, and may be further organized into other special divisions. The people's courts at lower levels are subject to supervision of the people's courts at higher levels. The Supreme People's Court is the highest judicial organ of the PRC and it has the power to supervise the administration of justice by the local people's courts at all levels and all special people's courts. The people's procuratorates also have the right to exercise legal supervision over the trial activities of people's courts at same or lower levels.

The people's courts adopt a "second instance as final" appellate system in the trail of the cases. A party to the case concerned may appeal against the judgement and ruling of the first instance by the local people's courts to the people's courts at the next higher level in accordance with the legal procedures. The people's procuratorates may appeal to the people's court at the next higher level in accordance with the legal procedures. In the absence of any appeal by any parties to the case concerned or any appeal by the people's procuratorates within the stipulated period, the judgement and ruling of the first instance by the local people's courts shall be final and legally binding. Judgements and rulings of the second instance of the intermediate people's courts, the higher people's courts and Supreme People's Court and the judgements and rulings of the first instance of the Supreme People's Court shall be the final judgements and rulings. If, however, the Supreme People's Court or a people's court at a higher level finds an error in a judgement which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgement which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures. The death penalty shall be reported to the Supreme People's Court for approval unless it is otherwise adjudged by the Supreme People's Court.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to as "PRC Civil Procedure Law"), which was enacted on April 9, 1991 and last amended on June 27, 2017 and became effective on July 1, 2017, sets forth the criteria for instituting a civil case, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by an express agreement, select a competent court where civil actions may be brought, provided that the competent court has jurisdiction over either the plaintiff's or the defendant's place of residence, the place of execution or performance of the contract, the object of the action or locations which have substantial connections with the dispute. However, such selection cannot violate the stipulations of hierarchical jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may impose the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgement or order made by a people's court or an award granted by an arbitration panel in the PRC, the other party may apply to the people's court to request for enforcement of the judgement, order or award. There are time limits imposed on the right to apply for such enforcement and the time limit is two years. If a person fails to satisfy a judgement made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgement.

A party seeking to enforce a judgment or order of a people's court against a party who is not located within the PRC and does not own any property in the PRC, may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgement or order. In the case of an application or request for recognition and enforcement of a legally effective judgement or order of a foreign court, the people's court shall, after having examined it in accordance with the international treaties entered into or acceded to by the PRC or with the principle of reciprocity and having arrived at the conclusion that it does not contravene the primary principles of the laws of the PRC nor violates its sovereignty, security or social and public interests, recognize the validity of the judgement or order, and, if required, issue a writ of enforcement and enforce it in accordance with the relevant regulations. If the application or request contravenes the primary principles of the laws of the PRC or violates its sovereignty, security or social and public interests, the people's court shall not recognize and enforce it.

THE COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS OF PRC

The PRC Company Law (《中華人民共和國公司法》) (hereinafter referred to as "Company Law") which was promulgated on December 29, 1993 by the Standing Committee of the NPC, last amended and came into effect on October 26, 2018 regulates the organization and operation of companies and protects the legitimate rights and interests of companies, shareholders and creditors. The amendment to the PRC Company Law in 2013 has canceled the restriction on the minimum registered capital and replaced the registered paid-up share capital system by the registered subscribed capital system.

The Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的《特別規定》》) (the "Special Regulations") were passed at the 22nd Standing Committee Meeting of the State Council on July 4, 1994 and promulgated and implemented on August 4, 1994. On October 17, 2019, Official Reply of the State Council on Adjusting the Provisions Governing Matters Including the Application of the Notice Period for the Convening of Shareholders' General Meetings by Companies Listed Overseas (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) were approved by State Council to amend the provisions of Articles 20 to 22 of the Special Regulations. For joint stock companies incorporated in China but listed overseas, the notice period for convening general meetings, shareholders' proposal rights and convening procedures shall be subject to the relevant provisions under the Company Law, instead of the Special Regulations. The Special Regulations include provisions on the issuance and listing of stocks overseas by joint stock limited companies. The Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程《必備條款》》) ("The Mandatory Provisions") were issued jointly by the former Securities Commission of the State Council and the former State Economic Restructuring Commission on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Accordingly, the Mandatory Provisions have been incorporated in the Articles of Association, which are summarized in Appendix VI of this prospectus.

Main provisions in the Company Law, Special Regulations and Mandatory Provisions are summarized as follows:

General

A joint-stock limited liability company (hereinafter referred to as "company") refers to a corporate legal person established in China under the Company Law with independent legal person properties and entitlements to such legal person properties. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

Incorporation

A company may be incorporated by promotion or subscription. A company may be incorporated by a minimum of two but no more than 200 promoters, and at least half of the promoters must be resident in the PRC. Companies incorporated by promotion are companies with the registered capital entirely subscribed for by the promoters. Where companies are incorporated by subscription, the promoters are required to subscribe for not less than 35% of the total number of shares of a company unless otherwise stipulated by laws and regulations, and the remaining shares can be offered to the public or specific persons, unless otherwise required by law.

For a company incorporated by promotion, the registered capital has to be the total capital subscribed for by all promoters as registered with the company registration authority. It shall not raise capital from others before the promoters fully pay the capital subscribed by them; for companies established by public subscription, the registered capital is the amount of total paid-up capital as registered with the company registration authority.

The promoters shall convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and shall 15 days before the meeting notify all subscribers or make a public announcement of the date of the inaugural meeting.

The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. At the inaugural meeting, matters including the adoption of draft articles of association proposed by the promoter(s) and the election of the board of directors and the supervisory committee of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the company registration authority for registration of the establishment of the company. The company is formally established and has the status of a legal person after the approval for registration has been given and a business license has been issued.

Where after the incorporation of a company, a promoter fails to pay in full the subscription moneys in accordance with the provisions of the company's articles of association, he shall pay them in full; and the other promoters shall bear joint and several liability. Where it is discovered that the actual evaluation of the non-currency property used as capital contributions for the incorporation of the company is obviously less than the evaluation prescribed by the company' articles of association, the promoters shall make up the difference; and the other promoters shall bear joint and several liability.

The promoters of a company shall bear the following liabilities:

(i) Where the company cannot be incorporated, they shall bear the joint and several liability for the debts and expenses incurred in the process of incorporation;

(ii) Where the company cannot be incorporated, they shall bear the joint and several liability for refunding the subscription moneys paid by the subscribers, plus their bank deposit interest calculated for the same period of time; and

(iii) Where the interests of the company are impaired due to the fault committed by the promoters in the process of the incorporation of the company, they shall bear the liability to pay compensation to the company.

Share Capital

The promoters may make capital contribution in currencies, or non-monetary assets such as in kind, intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out in accordance with the laws or administrative regulations on valuation without any over-valuation or under-valuation.

Shares shall be issued in a fair and equitable manner. The same class of shares must carry equal rights. Shares of the same class issued at the same time must be issued on the same conditions and at the same price. The same price per share shall be paid by a subscriber, an entity or an individual, and shall be equal to or greater than the nominal value of the share and shall not be less than the nominal value.

A company must obtain the approval of the CSRC to issue its shares overseas. The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors (including investors in Hong Kong Special Administration Region, Macau Special Administration Region and Taiwan Special Administration Region) and listed overseas ("Overseas Listed Foreign Shares") shall be in registered form, denominated in Renminbi and subscribed for in foreign currency. Shares issued to foreign investors and investors in Hong Kong, Macau and Taiwan and listed in Hong Kong are designated as H shares, and those shares

issued to investors in the PRC, except the regions above, are designated as domestic shares. Under the Special Regulations, upon approval of the CSRC, a company may agree, in the underwriting agreement in respect of an issue of H shares, to reserve not more than 15% of the aggregate number of overseas listed foreign invested shares proposed to be issued in addition to the number of underwritten shares provided that the total shares to be issued shall not exceed the total number of shares proposed to be issued. The shares reserved shall be part of the shares proposed to be issued.

Under the Company Law, a company issuing registered share certificates shall maintain a shareholder registry which sets forth the following matters:

(i) the name and domicile of each shareholder;

(ii) the number of shares held by each shareholder;

(iii) the serial numbers of shares held by each shareholder; and

(iv) the date on which each shareholder purchased the shares.

Increase in Share Capital

According to the Company Law, if a company proposes to issue new shares, resolutions shall be passed at general meeting in accordance with the articles of association to determine the class, amount and issue price of the new shares.

Save for the above-mentioned shareholder approval requirement, for a public offering of new shares, the PRC Securities Law (《中華人民共和國證券法》) (hereinafter referred to as "Securities Law") provides that the company shall:

(i) have a sound organizational structure with satisfactory operating record;

(ii) the Company is a going concern;

(iii) The auditors have issued an unqualified audit report on the financial and accounting documents of the Company for the past three years;

(iv) The Company and its controlling shareholders and de facto controllers have not had any criminal records in the past three years in relation to corruption, bribery, embezzlement, misappropriation of assets and breach of socialist market economic order;

(v) other requirements as prescribed by the securities regulatory authority of the State Council approved by the State Council.

The issuance of new shares by a listed company shall comply with the standards prescribed by the securities regulatory authority of the State Council and specific administrative measures shall be formulated by the securities regulatory authority of the State Council.

After payment in full for the new shares issued, a company must change its registration with the company registration authority and issue a public notice accordingly.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) the company shall prepare a balance sheet and an inventory of the assets;

(ii) the reduction of registered capital must be approved by shareholders in general meeting;

(iii) the company shall inform its creditors of the reduction in registered capital within ten (10) days and publish an announcement of the reduction in the newspaper within thirty (30) days after the resolution approving the reduction has been passed;

(iv) the creditors of the company may within the statutory prescribed time limit require the company to pay its debts or provide guarantees covering the debts; The creditors shall, within thirty (30) days from the date they receive the written notice, or within forty five (45) days from the date the announcement is made in the case of those who have not received such written notice, have the right to claim full repayment of their debts or provision of a corresponding guarantee from the company; and

(v) the company must apply to the company registration authority for registration of the reduction in registered capital.

Repurchase of Shares

A company may not repurchase its own shares other than for one of the following purposes:

(i) reducing the registered capital of the company; or

(ii) merging with another company that hold shares in the Company; or

(iii) applying the shares for the staff shareholding scheme or as share incentives; or

(iv) shareholders who disagree with the resolutions for the merger and separation of the Company made in general meeting may demand the Company to purchase their shares;

(v) utilizing the Shares for conversion of corporate bonds which are convertible into shares issued by the listed companies;

(vi) where it is necessary for the listed companies to safeguard its value and shareholders' interests.

Where the Company needs to purchase its own shares under any of the circumstances set out in Clauses (i) and (ii) under the preceding Article, it shall be subject to a resolution of the general meeting. Where the Company needs to purchase its own shares under any of the circumstances set out in Clauses (iii), (v) and (vi) under the preceding Article, it shall be made as prescribed by the Articles or under the authorization by the general meeting and approved by way of a resolution at the Board meeting attended by more than two thirds of the directors of the Company.

After the Company purchases its own shares under the circumstance set out in Clauses (i), it shall cancel the purchased shares within 10 days after the purchase; while under either circumstance set out in Clauses (ii) or (iv), transfer them or write them off within six months; while under any of the circumstances set out in Clauses (iii), (v) or (vi), the aggregate number of shares of the Company held by itself shall not exceed 10% of its total shares in issue and the Company shall transfer them or write them off within three years.

A company may not accept its own shares as the subject matter of a mortgage.

Transfer of Shares

Shares may be transferred in accordance with the relevant laws and regulations.

According to the Company Law, a shareholder may transfer his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations.Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders' general meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any otherwise stipulated legal provisions on the registration of changes in the share register of listed companies. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder. The Mandatory Provision provides that changes due to share transfer should not be made to shareholder registry within 30 days before a shareholders' general meeting or within 5 days before the record date for the purpose of determining entitlements to dividend distributions.

According to the Company Law, shares held by promoters may not be transferred within one year of the establishment of the company. Shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the Company Law, the rights of shareholders include the rights:

(i) to petition the people's court to revoke any resolution passed at a shareholders' general meeting or a meeting of board of directors that has not been convened in compliance with the laws, administrative regulations or the articles of association or whose voting has been conducted in an invalid manner, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within 60 days of the passing of such resolution;

(ii) to transfer the shares of the shareholders according to the applicable laws and regulations and the articles of association;

(iii) to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting rights;

(iv) to inspect the articles of association, shareholder register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the supervisory board and financial and accounting reports and to make suggestions or inquiries in respect of the company's operations;

(v) to receive dividends in respect of the number of shares held;

(vi) to receive residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(vii) any other shareholders' rights provided for in laws, administrative regulations, regulatory documents and the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in laws, administrative regulations, regulatory documents and the articles of association.

Shareholders' General Meeting

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law. The general meeting may exercise its powers:

(i) to decide on the company's operational policies and investment plans;

(ii) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(iii) to review and approve the reports of the board of directors;

(iv) to review and approve the reports of the supervisory board or supervisors;

(v) to review and approve the company's annual financial budgets and final accounts;

(vi) to review and approve the company's profit distribution proposals and loss recovery proposals;

(vii) to decide on any increase or reduction of the company's registered capital;

(viii) to decide on the issue of corporate bonds;

(ix) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(x) to amend the company's articles of association; and

(xi) to exercise any other authority stipulated in the articles of association.

A shareholders' general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following:

(i) the number of directors is less than the number stipulated by the laws or less than two-thirds of the number specified in the articles of association;

(ii) the outstanding losses of the company amounted to one-third of the company's total paid-in share capital;

(iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary general meeting is convened;

(iv) the board deems necessary;

(v) the supervisory board so requests; or

(vi) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board shall convene and preside over such meeting in a timely manner. If the supervisory board fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over such meeting.

In accordance with the Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting.

Under the Company Law, a single shareholder who holds, or several shareholders who jointly hold, 3% or more of the shares of the company may submit an interim proposal in writing to the board of directors 10 days before the general meeting is held. The board of directors shall, within 2 days upon receipt of the proposal, notify the other shareholders, and submit the said interim proposal to the general meeting for deliberation. The contents of the interim proposal shall fall within the scope of powers of the general meeting, and the proposal shall have a clear agenda and specific matters on which resolutions are to be made.

The general meeting shall not make resolutions on matters that are not clearly listed in the notices given to the shareholders.

If holders of bearer stocks attend a general meeting, they shall have their stocks kept at the company from 5 days before the meeting is held till the conclusion of the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Shareholders present at a shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights. Resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of matters relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by at least two-thirds of the voting rights held by the shareholders present at the meeting. Where the Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the directors shall convene a shareholders' general meeting promptly to vote on such matters. An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Minutes shall be prepared in respect of matters considered at the general meeting and the shareholders attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

According to the Mandatory Provisions, the increase or reduction of share capital, the issuance of shares of any class, warrants or other similar securities and bonds, the division, merger, dissolution and liquidation of the company, the amendments to the articles of association and any other matters, which, as resolved by way of an ordinary resolution of the general meeting, may have a material impact on the company and require adoption by way of a special resolution, must be approved through special resolutions by no less than two-thirds of the voting rights held by shareholders present at the meeting.

The Mandatory Provisions require a special resolution to be passed at the general meeting and the approval of the affected class shareholders at a class meeting to be held in the event of a variation or derogation of the class rights of a shareholder class.

Board of Directors

A company shall have a board, which shall consist of 5 to 19 members. Members of the board may include staff representatives, who shall be democratically elected by the company's staff at a staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly reelected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the board of directors may exercises the following powers:

(i) to convene shareholders' general meetings and report on its work to the shareholders' general meetings;

(ii) to implement the resolution passed by the shareholders at the shareholders' general meeting;

(iii) to decide on the company's operational plans and investment proposals;

(iv) to formulate proposal for the company's annual financial budgets and final accounts;

(v) to formulate the company's profit distribution proposals and loss recovery proposals;

(vi) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vii) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(viii) to decide on the setup of the company's internal management organs;

(ix) to appoint or dismiss the company's general manager and decide on his/her remuneration and, based on the general manager's recommendation, to appoint or dismiss any deputy general manager and financial officer of the company and to decide on their remunerations;

(x) to formulate the company's basic management system; and

(xi) to exercise any other authority stipulated in the articles of association.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory board. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the meeting. The board may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization that his/her representative has. Resolutions of the board meetings shall be approved by simple majority of all members of the board.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the Company Law, the following persons may not serve as a director of a company:

(i) a person who is unable or has limited ability to undertake any civil liabilities;

(ii) a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his/her crimes, in each case where less than five years have elapsed since the date of completion of the sentence;

(iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into in solvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; and

(v) a person who is liable for a relatively large amount of debts that are overdue.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions.

Under the Company Law, the board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

Supervisory Board

A company shall have a supervisory board composed of not less than three members. The supervisory board consists of representatives of the shareholders and an appropriate proportion of representatives of the company's staff. The actual proportion shall be determined in the articles of association, provided that the proportion of representatives of the company's staff shall not be less than one-third. Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. Directors and senior management shall not act concurrently as supervisors.The supervisory board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory board shall be elected by more than half of the supervisors.

According to the Reply of the Overseas Listing Department of the CSRC and the Production System Department of the State Commission for Restructuring the Economic System on Opinions Concerning the Supplement and Amendment to Articles of Association by Companies to be Listed in Hong Kong (《中國證監會海外上市部、國家體改委生產體制司關於到香港上市公司對公司章程作補充修改的意見的函》), the chairman of the supervisory board shall be appointed by more than two-thirds of the supervisors.

The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing or is not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over supervisory board meetings. Directors and senior management shall not act concurrently as supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if reelected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory board may exercise its powers:

(i) to review the company's financial position;

(ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated any laws, regulations, the articles of association or shareholders' resolutions;

(iii) when the acts of a director or senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts;

(iv) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;

(v) to submit proposals to the shareholders' general meetings;

(vi) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and

(vii) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

The circumstances under which a person is disqualified from acting as a director of a company as set out in the Mandatory Provisions shall also apply to the qualification of supervisory.

Manager and Senior Management

A company shall have a general manager who shall be appointed or removed by the board of directors. The general manager, who reports to the board of directors, may exercise his/her powers:

(i) to manage the production, operation and administration of the company and arrange for the implementation of the resolutions of the board of directors;

(ii) to arrange for the implementation of the company's annual business plans and investment proposals;

(iii) to formulate proposals for the establishment of the company's internal management organs;

(iv) to formulate the fundamental management system of the company;

(v) to formulate the company's specific rules and regulations;

(vi) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company;

(vii) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board of directors); and

(viii) to exercise any other authority granted by the board of directors.

Other provisions in the articles of association on the general manager's powers shall also be complied with. The general manager shall be present at meetings of the board of directors. However, the general manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the Company Law, senior management refers to the general manager, deputy manager, financial officer, secretary to the board of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors, General Managers and Other Senior Management

Directors, supervisors, the general manager, the deputy manager and senior management are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and carry out their duties in good faith and with due diligence.

Directors, supervisors, senior management are prohibited from accepting bribes or other unlawful income and from misappropriating the company's property. Directors and senior management are prohibited from:

(i) misappropriating company funds;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) loaning company funds to others or providing guarantees in favour of others supported by company's property in violation of the articles of association or without approval of the general meeting or the board of directors;

(iv) entering into contracts or transactions with the company in violation of the articles of association or without approval of the general meeting or the board of directors;

(v) using their position to procure business opportunities for themselves or others that should have otherwise been available to the company or operating businesses similar to that of the company for their own benefits or on behalf of others without approval of the general meeting;

(vi) accepting commissions paid by a third party for transactions conducted with the company;

(vii) unauthorized divulgence of confidential information of the company; and

(viii) other acts in violation of their duty of loyalty to the company.

Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' general meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, or if a limited liability company has no supervisory board, supervisors, without impeding the discharge of duties by the supervisory board or supervisors.

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager, who reports to the board of directors, may exercise his/her powers:

(i) to manage the production and operation and administration of the company and arrange for the implementation of the resolutions of the board of directors;

(ii) to arrange for the implementation of the company's annual operation plans and investment proposals;

(iii) to formulate proposals for the establishment of the company's internal management organs;

(iv) to formulate the fundamental management system of the company;

(v) to formulate the company's specific rules and regulations;

(vi) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company;

(vii) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board of directors); and

(viii) to exercise any other authority granted by the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of a listed company and other personnel as stipulated in the articles of association.

Where a director or senior management contravenes law, administrative regulation or the articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate more than 1% of the company's shares consecutively for over 180 days may request in writing that the supervisory board institute litigation at a people's court on its behalf. Where the supervisory board violates the laws or administrative regulations or the articles of association in the discharge of its duties resulting in any loss to the company, such shareholder(s) may request in writing that the board of directors institutes litigation at a people's court on its behalf. If the supervisory board or the board of directors refuses to institute litigation after receiving this written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, such shareholder(s) shall have the power to institute litigation directly at a people's court in its own name for the company's benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company, such shareholder(s) may institute litigation at a people's court in accordance with the procedure described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders' interests, a shareholder may also institute litigation at a people's court.

The Special Regulations and the Mandatory Provisions provide that a company's directors, supervisors, manager and other senior management shall have duty of loyalty to the company. They are required to faithfully perform their duties, to protect the interests of the company and not to use their positions in the company for their own benefits. The Mandatory Provisions contain detailed stipulations on these duties.

Finance and Accounting

A company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached 50% or more of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to

the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders by a resolution of a shareholders' general meeting or the board of directors before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company on issue and other income as required by competent governmental department to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make good the company's losses. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of any individual.

Appointment and Retirement of Auditors

Pursuant to the Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by shareholders at a shareholders' general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm on their respective meetings. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Special Regulations require a company to engage an independent qualified accounting firm to audit the company's annual reports and to review and check other financial reports of the company. The accounting firm's term of office shall commence from the end of the shareholders' annual general meeting to the end of the next shareholders' annual general meeting. The appointment, removal and expiry of appointment of accounting firm by our Company shall be reported to the CSRC.

Profit Distribution

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided. The Special Regulations require that any dividend and other distribution to H shareholders shall be declared and calculated in RMB and paid in foreign currency. Under the Mandatory Provisions, a company shall make foreign currency payments to shareholders through receiving agents.

Under the Mandatory Provisions, a company shall make foreign currency payments to shareholders through receiving agents.

Amendments to the Articles of Association

Pursuant to Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting. Pursuant to the Mandatory Provisions, the company may amend its articles of association according to the laws, administrative regulations and the articles of association. The amendment to articles of association involving content of the Mandatory Provisions will only be effective upon approval of the department in charge of company examination and approval and the securities regulatory department authorized by the State Council, while the amendment to articles of association involving matters of company registration shall be registered with the relevant authority in accordance with applicable laws.

Dissolution and Liquidation

Pursuant to Company Law, a company shall be dissolved for any of the following reasons:

(i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(ii) the shareholders have resolved at a shareholders' general meeting to dissolve the company;

(iii) the company is dissolved by reason of its merger or division;

(iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(v) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering on-going existence of the company a cause for significant losses to the shareholders.

In the event of paragraph (i) above, the company may carry on its existence by amending its articles of association. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the company's creditors may file an application with a people's court, requesting that the court appoint relevant personnel to form a liquidation committee to conduct the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation:

(i) to dispose of the company's assets and to prepare a balance sheet and an inventory of assets;

(ii) to notify the company's creditors or publish announcements;

(iii) to deal with any outstanding business related to the liquidation;

(iv) to pay any overdue tax together with any tax arising during the liquidation process;

(v) to settle the company's financial claims and liabilities;

(vi) to handle the company's remaining assets after its debts have been paid off; and

(vii) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification. A creditor shall, in making his claim, state all matters relevant to his creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before settlements are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or a people's court for confirmation of its completion. Following such confirmation, the report shall be submitted to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to perform their duties in good faith and in compliance with relevant laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

The shares of a company shall only be listed overseas after obtaining approval from the CSRC, and the listing arrangements must be implemented in accordance with procedures specified by the State Council.

Pursuant to The Special Regulations, a company may issue shares to overseas investors and list them overseas upon approval from the CSRC. Subject to approval by the CSRC of the company's plans to issue overseas-listed foreign invested shares and domestic shares, the board of directors of the company may make arrangement to implement such plans for such two kinds of shares to be issued respectively, within fifteen (15) months from the date of approval by the CSRC.

According to Rule 2(6) of the Regulatory Guidelines for the Application Documents and Examination Procedures for the Overseas Share Issuance and Listing by Joint Stock Companies (《關於股份公司境外發行股票和上市申報文件及審核程序的監管指引》) promulgated by CSRC (effective from January 1, 2013), the approval documents for overseas stock issuance and listing by the company granted by CSRC shall be valid for a period of 12 months.

Loss of Share Certificates

If the share certificate(s) in registered form is either lost, stolen or destroyed, a shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court for a declaration that such certificate(s) will no longer be valid. After such declaration has been obtained, the shareholder may apply to the company for the issue of a replacement certificate(s).

A separate procedure regarding the loss of share certificates and H share certificates of the overseas listed foreign invested shareholders of the PRC is provided for in the Mandatory Provisions, details of which are set out in the articles of association.

Merger and Division

A merger agreement shall be signed by merging companies and the involved companies shall prepare their respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, demand the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers within 30 days. Unless an agreement in writing is reached with creditors in respect of the settlement of debts, the liabilities of the company which have accrued prior to such division shall be jointly borne by the separated companies.

The PRC Securities Laws and Regulations

The PRC has promulgated a number of regulations that relate to the issuance and trading of our shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. On March 29, 1998, the State Council consolidated the aforementioned two departments and reformed the CSRC.

On April 22, 1993, the Provisional Regulations Concerning the Issuance and Trading of Shares (《股票發行與交易管理暫行條例》) were promulgated by the State Council to govern the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, settling and transfer of listed equity securities, as well as the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issuance, subscription, trading and declaration of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The Securities Law took effect on July 1, 1999 and was revised as at August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. It was the first national securities law in the PRC, and is divided into 14 chapters and 226 articles regulating, among other matters, the issuance and trading of securities, takeovers of listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law provides that domestic enterprises must comply with the relevant regulations from the State Council to, directly or indirectly, issue securities or list securities outside the PRC. Currently, the issuance and trading of foreign issued shares (including H share) are principally governed by the rules and regulations promulgated by the State Council and the CSRC.

On November 14, 2019, the CSRC promulgated the Guidance of H-share Companies Applying for "Full Circulation" Business of Unlisted Shares in China ([2019] No.22), which came into effect on the same day. This provision is to regulate the listing and circulation (hereinafter referred to as "Full Circulation") of unlisted domestic shares of domestic joint-stock limited companies (hereinafter referred to as H-share Companies) listed on the stock exchange of Hong Kong (including unlisted domestic capital stock held by domestic shareholders before overseas listing, unlisted domestic capital stock issued in China after overseas listing and unlisted shares held by foreign shareholders) to the Hong Kong Stock Exchange. Of which the H-share Companies applied for "Full Circulation" shall put forward the application to CSRC in accordance to the administrative licensing procedure of Examination and Approval of Overseas Public Offering and Listing (Including Additional Issuance) of Joint-Stock Limited Companies. H-share companies may put forward the application of "Full Circulation" separately or simultaneously when applying for overseas refinancing. Unlisted domestic joint-stock limited companies may put forward the application of "Full Circulation" simultaneously when applying for overseas initial public offering and listing.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "Arbitration Law") was passed on August 31, 1994, became effective on September 1, 1995 and amended on August 27, 2009 and September 1, 2017. It is applicable to contract disputes and other property disputes between natural persons, legal persons and other organizations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case.

The Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer. In respect of any disputes or claims in relation to our affairs or as a result of any rights or obligations arising under the articles of association, the PRC Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred to arbitration.

Where a dispute or claim referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, Directors, Supervisors, officers of us, shall be subject to the arbitration. Disputes in respect of who is the shareholder and those in relation to our register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission ("**CIETAC**") in accordance with its rules or the Hong Kong International Arbitration Center ("**HKIAC**") in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for an arbitration to take place in Shenzhen in accordance with the securities arbitration rules of the HKIAC.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award made by the arbitration body shall be final and conclusive and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. The people's court shall enforce the arbitral award upon receipt of the application. A people's court may refuse to enforce an arbitral award made by an arbitration tribunal if there is any procedural or membership irregularity specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration committee.

A party seeking to enforce an arbitral award of PRC Arbitration Tribunal against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or participated in by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "**New York Convention**"), which became effective on April 22, 1987. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the State to which the arbitration for enforcement is made.

Summary of Material Differences between Hong Kong and PRC Company Law

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies Ordinance, and supplemented by common law and rules of equity that apply to Hong Kong. The Company, which is a joint stock limited company established in the PRC and seek to list its shares on the Hong Kong Stock Exchange, is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of the material differences between the Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

Under Hong Kong company law, a company with share capital is incorporated by the Registrar of Companies in Hong Kong, which issues a certificate of incorporation to the Company upon its incorporation, and the company will acquire an independent corporate existence henceforth. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain pre-emptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or public subscription.

Share Capital

Under the Companies Ordinance newly amended, the concept of the nominal value (also known as par value) of shares of a Hong Kong company has been abolished, and the companies have increased flexibility to alter its share capital by (i) increasing its share capital; (ii) capitalizing its profits; (iii) allotting and issuing bonus shares with or without increasing its share capital; (iv) converting its shares into larger or smaller number of shares; and (v) cancelling its shares. The concept of authorized capital no longer applies to a Hong Kong company formed on or after March 3, 2014 as well. Hence, the directors of a Hong Kong company may, with the prior approval of the shareholders, if required, cause the company to issue new shares. The PRC Company Law does not provide for authorized share capital. And the registered capital is our share capital in issue. Any increase in our registered capital must be approved/filed by its shareholders' general meeting and the relevant PRC governmental and regulatory authorities (if applicable).

Under the PRC Securities Law, the listing application shall comply with the requirements of the listing rules of the stock exchange. The Hong Kong law does not prescribe any minimum capital requirement for companies incorporated in Hong Kong.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws or administrative regulations). For non-monetary assets to be used as capital contributions, appraisals must be carried out to ensure there is no over-valuation or under-valuation of the assets. There is no such restriction on a company incorporated in Hong Kong.

Restrictions on Shareholding and Transfer of Shares

Generally, domestic shares, which are denominated and subscribed for in Renminbi, may only be subscribed for or traded by PRC investors, qualified overseas institutional investors or qualified overseas strategic investors as permitted by laws and regulations.

Overseas listed shares, which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors. If the H shares are eligible securities under the Southbound Trading Link, they may also be subscribed for and traded by PRC investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares in issue prior to a public offering of the company cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares in a joint stock limited liability company held by its directors, supervisors and senior management and transferred each year during their term of office shall not exceed 25% of the total shares held by them in that company, and the shares they held in that company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set out other restrictive requirements on the transfer of a company's shares held by its directors, supervisors and senior management.

There are no restrictions on shareholdings and transfers of shares under Hong Kong law apart from (i) the restriction on the Company to issue additional Shares within six months, and (ii) 12-month lockup on Controlling Shareholders' disposal of Shares, after Listing.

Financial Assistance for Acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries on providing such financial assistance similar to those under Hong Kong company law.

Notice of Shareholders' Meetings

Under the PRC Company Law, notice of a shareholder's general meeting must be given not less than twenty (20) days before the meeting, whereas notice of an extraordinary general meeting must be given not less than fifteen (15) days before the meeting. If a company issues bearer shares, notice of a shareholder's general meeting must be given at least thirty (30) days prior to the meeting.

For a company incorporated in Hong Kong with limited liability, the minimum period of notice of a general meeting is fourteen (14) days. Further, where a meeting involves consideration of a resolution requiring special notice, the company must also give its shareholders notice of the resolution fourteen (14) days before the meeting. The notice period for the annual shareholders' general meeting is twenty one (21) days.

Quorum for Shareholders' Meetings

The PRC Company Law does not specify any quorum requirement for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that general meetings may only be convened when replies to the notice of that meeting have been received from shareholders whose shares represent at least 50% of the voting rights at least twenty (20) days before the proposed date of the meeting, or if that 50% level is not achieved, the company shall within five days notify its shareholders again by way of a public announcement and the shareholders' general meeting may be held thereafter.

Under Hong Kong law, the quorum for a shareholders' meeting is two members, unless the articles of association of a company specifies otherwise or the company has only one member, in which case the quorum is one.

Voting at Shareholders' Meetings

Under the PRC Company Law, the passing of any resolution requires more than one-half of the affirmative votes held by our Shareholders present in person or by proxy at a shareholders' meeting except in cases such as proposed amendments to our Articles of Association, increase or decrease of registered capital, merger, division, dissolution or transformation, which require two-thirds of the affirmative votes cast by shareholders present in person or by proxy at a shareholders' general meeting.

Under Hong Kong law, (i) an ordinary resolution is passed by a simple majority of affirmative votes cast by shareholders present in person, or by proxy, at a general meeting, and (ii) a special resolution is passed by not less than three-fourths of affirmative votes casted by shareholders present in person, or by proxy, at a general meeting.

Modification of Class Rights

The PRC Company Law makes no specific provision relating to modification of class rights. However, the PRC Company Law states that the State Council can promulgate requirements relating to other kinds of shares. The Mandatory Provisions contain detailed provisions relating to the circumstances which are deemed to be modification of class rights and the approval procedures required to be followed in respect thereof. These provisions have been incorporated in the Articles of Association, which are summarized in Appendix VI to this prospectus.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the passing of a special resolution by the shareholders of the relevant class at a separate meeting, (ii) with the written consent of shareholders representing at least three-fourths of the total voting rights of shareholders of the relevant class, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Directors, Senior Management and Supervisors

The PRC Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and indemnification in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on major disposals and specify the circumstances under which a director may receive compensation for loss of office.

Under the PRC Company Law, a joint stock limited company's directors and senior management are subject to the supervision of a supervisory committee. There is no mandatory requirement for the establishment of a supervisory committee for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Derivative Action by Minority Shareholders

Under Hong Kong company law, a shareholder may, with the leave of the Court, start a derivative action on behalf of a company for any misconduct committed by its directors against the company. For example, leave may be granted where the directors control a majority of votes at a general meeting, and could thereby prevent the company from suing the directors in its own name.

Pursuant to the PRC Company Law, in the event where the directors and senior management of a joint stock limited company violate fiduciary duties, the shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory committee to initiate proceedings in the people's court. In the event that the supervisory committee violates as such, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of such written request from the shareholders, if the supervisory committee or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceedings may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the court in their own name.

The Mandatory Provisions further provide us with certain remedies against the Directors, Supervisors and senior management who breach their duties to the Company. In addition, as a condition to the listing of shares on the Hong Kong Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking to act as agents for shareholders in favor of the company. This allows minority Shareholders to take action against our Directors and Supervisors in default.

Minority Shareholder Protection

Under the Hong Kong law, a shareholder who alleges that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the Court to make an appropriate order to wind up the company or supervise the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong.

The PRC Company Law provides that any shareholders holding 10% or above of voting rights of all issued shares of a company may request a people's court to dissolve the company to the extent that the operation or management of the company experiences any serious difficulties and its continuous existence would cause serious losses to them, and no other alternatives can resolve such difficulties.

The Company, as required by the Mandatory Provisions, has adopted in its Articles of Association minority Shareholder protection provisions similar to (though not as comprehensive as) those available under the Hong Kong law. These provisions state that a controlling Shareholder may not exercise its voting rights in a manner prejudicial to the interests of other Shareholders, may not relieve a Director or Supervisor of his duty to act honestly in our best interests or may not approve the expropriation by a Director or Supervisor of our assets or the individual rights of other Shareholders.

Financial Disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its annual general meeting. In addition, a joint stock limited company of which the shares are publicly offered must publish its financial report. The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its financial statements, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than twenty one (21) days before such meeting.

According to the PRC laws, a company shall prepare its financial accounting reports as at the end of each accounting year, and submit the same to accounting firms for auditing as required by law. The Mandatory Provisions require that a company must, in addition to preparing financial statements according to the CAS, have its financial statements prepared and audited in accordance with international or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the CAS.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the general meetings and financial and accounting reports. Under the article of association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors which is similar to the rights of shareholders of Hong Kong companies under the Companies Ordinance.

Receiving Agent

Under the PRC Company Law and the Hong Kong law, dividends once declared will become debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under Civil Code of the People's Republic of China this limitation period is three years.

The Mandatory Provisions require that the relevant company shall appoint a receiving agent for shareholders who hold overseas listed foreign shares, and the receiving agent shall receive on behalf of such holders of shares dividends declared and other monies owed by the company in respect of its overseas listed foreign shares.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 673 and Division 2 of Part 13 of the Companies Ordinance, which requires the sanction of the court. In addition, subject to the shareholders' approval, an intra-group wholly-owned subsidiary company may also be amalgamated horizontally or vertically under the Companies Ordinance.

Under the PRC Company Law, merger, division, dissolution or change to the status of a joint stock limited liability company has to be approved by shareholders in general meeting.

Mandatory Transfers

Under the PRC Company Law, a company is required to make transfers equivalent to certain prescribed percentages of its after tax profit to the statutory common reserve fund. There are no corresponding provisions under Hong Kong law.

Arbitration of Disputes

In Hong Kong, disputes between shareholders and a company or its directors, managers and other senior management may be resolved through the courts. The Mandatory Provisions provides that disputes between a holder of H shares and the Company, a holder of H shares and directors, supervisors, managers and other members of senior management of the Company or a holder of H shares and a holder of domestic listed shares, arising from the Articles of Association, the PRC Company Law or other relevant laws and administrative regulations which concerns the affairs of the Company should, with certain exceptions, be referred to arbitration at either the HKIAC or the China International Economic and Trade Arbitration Commission. Such arbitration is final and conclusive.

Remedies of a Company

Under the PRC Company Law, if a director, supervisor or the management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or the management should be responsible to the company for such damages.

The Hong Kong Listing Rules and the Mandatory Provisions require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder.

Under the Hong Kong law, the limitation period for an action to recover a debt (including the recovery of declared dividends) is six years, whereas under PRC laws, the relevant limitation period is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Fiduciary Duties

In Hong Kong, directors owe fiduciary duties to the company, including the duty not to act in conflict with the company's interests. Furthermore, the Companies Ordinance has codified the directors' statutory duty of care.

Under the Special Regulations, directors, supervisors of the company are not permitted to engage in any activities which compete with or damage the interests of the company.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not be closed for the registration of transfers of shares for more than thirty (30) days (extendable to sixty (60) days in certain circumstances) in a year. As required by the PRC Company Law and the Mandatory Provisions, share transfers shall not be registered within thirty (30) days before the date of convening a general meeting or within five (5) days before the base date of distribution of dividends.

This Appendix contains a summary of the Articles of Association. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors. A copy of the Articles of Association is available on display as mentioned in Appendix VIII.

SHARES

Shares and Registered Capital

The Company shall have ordinary shares at all times. Based on its needs and upon approval by the examination and approval authorities authorized by the State Council, the Company may create other classes of shares. Each share of the same class shall carry equal rights.

All shares issued by the Company shall have par values, with each share having a par value of RMB1.

The Company may issue shares to domestic and overseas investors after approval by the securities regulatory and administrative authorities of the State Council. Upon the approval by the securities regulatory and administrative authorities of the State Council for the issue of overseas-listed foreign shares and domestic shares by the Company, the Board may make arrangement for the respective issue thereof within 15 months or within the valid period granted by the securities regulatory and administrative authorities of the State Council from the date of approval.

Increase, Reduction and Repurchase of Share Capital

Capital Increase

The Company may increase its share capital as follows in the light of its operating and development needs and the special resolution of its shareholders' general meeting, in accordance with the relevant laws, rules and the Articles of Association:

(I) Public offering;

(II) Non-public offering;

(III) Placing new shares to existing shareholders;

(IV) Distributing bonus shares to existing shareholders;

(V) Transferring capital reserve to increase share capital;

(VI) Other methods stipulated by laws or administrative regulations.

Issue of new shares by the Company for capital increase shall be subject to approval as specified in the Articles of Association and follow the procedures specified in the relevant laws and administrative regulations.

Reduction of Capital

The Company may decrease its registered capital. Decrease of registered capital by the Company shall follow the procedures specified in the *Company Law of the People's Republic of China* (hereinafter referred to as the "Company Law") and other relevant regulations as well as the Articles of Association.

Repurchase of Shares

Under the following circumstances, the Company may, subject to the provisions of the relevant laws, administrative regulations, the listing rules of the stock exchanges where the shares of the Company are listed and the Articles of Association, repurchase its shares:

(I) To reduce the registered capital of the Company;

(II) To merger with other companies that hold shares of the Company;

(III) To grant the shares for employee shareholding scheme or as equity incentive;

(IV) To acquire the shares held by shareholders, who vote against any resolution adopted at any general meeting on the merger or division of the Company, upon their request;

(V) To use the shares in the conversion of the convertible corporate bonds issued by the listed company;

(VI) To safeguard the Company's value and shareholders' interests as necessary;

(VII) Other circumstances permitted by laws, regulations and the regulatory rules of the place where the shares of the Company are listed.

Unless the Company has entered the course of liquidation, it shall comply with the following provisions in relation to a repurchase of its issued and outstanding shares:

(I) Where the Company repurchases shares at par value, payment shall be made out of book balance of distributable profits of the Company or out of the proceeds of the issue of new shares made for that purpose;

(II) Where the Company repurchases shares at a premium to its par value, payment up to the par value shall be made out of book balance of distributable profits of the Company or out of the proceeds of issue of new shares made for that purpose. Payment of the proportion in excess of the par value shall be effected as follows:

(i) If the shares being repurchased were issued at par value, payment shall be made out of the book balance of its distributable profits;

(ii) If the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book balance of its distributable profits or out of the proceeds of a new issue of shares made for that purpose; provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of the premiums received of issue the old shares by the Company on the issue of the shares repurchased nor shall it exceed the book value of the Company's premium account or capital reserve account (including the premiums on the new issue) at the time of the repurchase;

(III) Payment by the Company for the following purposes shall be made out of the distributable profits of the Company:

(i) Payment for the acquisition of the right to repurchase its own shares;

(ii) Payment for the variation of any contract for the repurchase of its own shares;

(iii) Payment for the release of its obligations under any contract for the repurchase of shares.

(IV) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the portion of the amount deducted from the distributable profits for the payment of the par value portion of the shares which have been repurchased shall be transferred to the premium account or capital reserve account of the Company.

If laws, administrative regulations, and relevant provisions of the securities regulatory authority at the place where the Company's shares are listed otherwise specify the financial treatment provisions in relation to the repurchase of shares as mentioned above, these provisions shall prevail.

FINANCIAL ASSISTANCE FOR THE PURCHASE OF SHARES

The Company or its subsidiaries shall not, by any means at any time, provide any financial assistance to a person who purchases or proposes to purchase shares of the Company. The person referred herein shall include a person who directly or indirectly incurs any obligation due to the purchase of such shares.

The Company or its subsidiaries shall not, by any means at any time, provide any financial assistance to the aforesaid obligor for the purpose of relieving or discharging the obligations assumed by that person.

The above limitation shall not apply to the following circumstances:

(I) The provision of financial assistance by the Company is given in good faith to the benefit of the Company, and the principal purpose of this assistance is not for the purchase of shares of the Company, or the financial assistance is an incidental part of certain master plan of the Company;

(II) The lawful distribution of the Company's assets as dividends;

(III) The distribution of dividends in the form of shares;

(IV) A reduction of registered capital, a repurchase of shares or reorganization of the shareholding structure of the Company effected in accordance with the Articles of Association;

(V) The provisions of loans by the Company for ordinary business activities within the scope of business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits); and

(VI) The contributions made by the Company to the employee share ownership schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).

SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Share Certificates

Share certificates of the Company shall be in registered form.

Apart from the particulars as required by the Company Law, the particulars to be set out in the shares of the Company shall include other items that should be stated as required by the stock exchange where the shares of the Company are listed.

Share certificates shall be signed by its legal representative. In case that the signatures of other senior officers are required by the stock exchange where the shares of the Company are listed, the share certificates shall also be signed by such other officers. The share certificates shall take effect after being affixed with the seal of the Company physically or in its printed form. The affixing of seal or being affixed in its printed form shall be authorized by the Board of Directors. The signature of the legal representative of the Company or other relevant senior officers on the share certificates may also be made in printed form.

Under the conditions of paperless issuance and trading of the Company's shares in operation, provisions otherwise provided by the securities regulatory authorities and the stock exchanges where the shares of the Company are listed shall apply.

Register of Shareholders

The Company shall maintain a register of shareholders and record the followings:

(I) The name (designation), address (domicile), occupation or nature of each shareholder;

(II) The class and number of shares held by each shareholder;

(III) The amount paid or payable by each shareholder for the respective shares held;

(IV) The serial numbers of shares held by each shareholder;

(V) The date when each shareholder is registered as a shareholder; and

(VI) The date when each shareholder ceases to be a shareholder.

The register of shareholders shall be sufficient evidence of the shareholders' shareholding in the Company, unless there is evidence to the contrary.

The Company may, pursuant to the mutual understanding and agreement made between the securities regulatory authorities under the State Council and overseas securities regulatory authorities, maintain the register of shareholders of overseas-listed foreign shares aboard, and mandate overseas agents to manage such register of shareholders. The original register of shareholders of overseas-listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

The Company shall maintain a duplicate copy of the register of shareholders of overseas-listed foreign shares at the premises of the Company. The overseas agents so mandated shall, at any time, ensure the consistency of the original and copy of the register of shareholders of overseas-listed foreign shares. In case of any discrepancy between the original and copy of the register of shareholders of overseas listed foreign shares, the original shall prevail.

The Company shall have a complete register of shareholders, which shall include the following parts:

(I) A register of shareholders kept at the premises of the Company other than those specified in items (II) and (III) of this Article;

(II) The register of shareholders of overseas-listed foreign shares kept at the locality of the overseas stock exchanges on which the shares are listed; and

(III) The register of shareholders kept in such other places as the Board of Directors may consider necessary for the purpose of the listing of the Company's shares.

Different parts of the register of shareholders shall not overlap with each other. The transfer of shares registered in certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes and corrections to each part of the register of shareholders shall be made in accordance of the respective laws of the place where the relevant part of the register of shareholders is maintained. When the Company convenes a general meeting, distributes dividends, commences liquidation or involves itself in other activities requiring the identification of equity, the Board of Directors shall decide the record date of equity rights. Shareholders registered in the register by the end of the record date shall be the Company's shareholders.

Any person objecting to the register of shareholders and requesting to have his/her name (or its designation) entered or removed from the register of shareholders may apply to the court of competent jurisdiction for correction of the register.

Any person who is a registered shareholder or requests to have his/her name (or its designation) to be entered in the register of shareholders may apply to the Company to reissue new share certificate for his/her/its respective shares (i.e. "relevant shares") if his/her/its share certificate (i.e. "original share certificate") is lost.

For any damages incurred to persons arising from cancellation of original share certificates or the issuance of the replacement share certificates, the Company assumes no liability for compensation, unless they can prove that the Company has committed fraud.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is registered in the register of members. Shareholders shall enjoy rights and have obligations in accordance with the class and amount of shares held by them. Shareholders holding the same class of shares shall be entitled to equal rights and have equal obligations.

All types of shareholders of the Company share the same rights over dividends or any distribution in other forms.

If any shareholder of the Company is a legal person, its legal representative or proxy thereof exercise its rights on its behalf.

Holders of ordinary shares of the Company shall enjoy rights as follows:

(I) To collect dividends and other forms of interests distributed based on the number of shares held by them;

(II) To attend or entrust a proxy to attend shareholders' general meetings and exercise relevant voting right as per their shareholdings;

(III) To supervise and administrate the business operation of the Company, and make suggestions or enquiries accordingly;

(IV) To transfer or pledge shares held by the shareholders in compliance with law regulations and these Articles of Association;

(V) To obtain relevant information in accordance with the Articles of Association, including:

1. To receive a copy of the Articles of Association, subject to payment of the cost of such copy;

2. To inspect and photocopy, subject to the payment of a reasonable fee:

   (1) All parts of the register of shareholders;

   (2) Personal information of the directors, supervisors, General Manager and other senior officers of the Company, including:

      (a) Present and former name and alias;

      (b) Principal address (domicile);

      (c) Nationality;

      (d) Full-time and all other part-time occupations and duties;

      (e) Identification documents and numbers thereof.

   (3) Status of the share capital of the Company;

   (4) Reports showing the aggregate par value, quantity, highest and lowest prices of each class of shares repurchased by the Company since the end of the last financial year, and all the costs paid by the Company for this purpose;

(5) Minutes of general meetings (for review by shareholders only), Special resolutions of general meetings;

(6) The latest audited financial statements, and reports from the Board of Directors, auditor and the Board of Supervisors;

(7) Copy of the latest annual return submitted to State Administration for Market Regulation or other competent authorities for filing;

(8) Counterfoils of corporate bonds, resolutions of Board meetings, resolutions of meetings of the Board of Supervisors, and financial and accounting reports.

Documents of Items (1) to (7) (except Item (2)) mentioned above shall be made available by the Company, according to the requirements of the Hong Kong Listing Rules, at the Company's address in Hong Kong, for the public and holders of overseas-listed foreign shares to inspect free of charge;

(VI) To participate in the distribution of remaining assets of the Company in proportion to his/her/its shareholding in the event of the termination or liquidation of the Company;

(VII) To request the Company to purchase their shares if the shareholders object to the resolutions adopted by the shareholders' general meeting on merger or division of the Company;

(VIII) to enjoy other rights conferred by laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchanges on which the shares of the Company are listed and the Articles of Association.

The holders of the Company's ordinary shares shall assume the following obligations:

(I) To comply with laws, regulations and the Articles of Association of the Company;

(II) To pay subscription funds based on the number of shares subscribed and the method of subscription;

(III) To be accountable to the Company to the extent of their shareholding;

(IV) Not to withdraw shares unless in the circumstances stipulated by laws and administrative regulations;

(V) Not to abuse shareholder's rights to prejudice the interests of the Company or other shareholders; not to abuse the status of the Company as an independent legal person or the limited liability of a shareholder to prejudice the interests of the creditors of the Company;

(VI) To fulfill other obligations imposed by laws, regulations and the Articles of Association.

Unless otherwise specified by laws and regulations, Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed by the subscriber of the relevant shares on subscription.

RESTRICTING RIGHTS OF CONTROLLING SHAREHOLDERS

In addition to the obligations imposed by laws, administrative regulations or the listing rules required by the stock exchange on which Shares of our Company are listed, controlling shareholders shall not exercise their voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of our Shareholders:

(I) To release the responsibility of a Director or Supervisor to act in good faith in the best interests of our Company;

(II) To approve the expropriation by a Director or Supervisor (for his/her own benefit or for the benefit of another person), in any manner, of our Company's assets, including (without limitation to) any opportunities beneficial to the Company;

(III) To approve the expropriation by a Director or Supervisor (for his/her own benefit or for the benefit of another person) of the personal rights of other Shareholders, including (without limitation to) rights of distributions and voting but does not include a corporate restructuring submitted to and approved by the shareholders' general meeting in accordance with the Articles of Association.

SHAREHOLDERS' GENERAL MEETING

General Provisions on Holding Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the Company, which exercises its functions and powers in accordance with the law. The shareholders' general meeting may exercise the following functions and powers:

(I) To decide on the Company's operational objectives and investment plans;

(II) To elect and replace the directors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors;

(III) To elect and replace the supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of supervisors;

(IV) To consider and approve the reports of the Board;

(V) To consider and approve the reports of the Supervisors;

(VI) To consider and approve the Company's annual financial budgets and final accounts;

(VII) To consider and approve the Company's profit distribution proposals and loss recovery proposals;

(VIII) To decide on any increase or reduction of the Company's registered capital;

(IX) To decide on the issue of corporate bonds or other securities and listing plans;

(X) To resolve on matters such as merger, division, dissolution or liquidation of the Company, or change of the corporate form of the Company;

(XI) To amend the Articles of Association;

(XII) To resolve on the appointment, dismissal or non-reappointment of auditors by the Company;

(XIII) To consider proposals by the shareholders holding more than 3% (including 3%) of the voting rights of the Company;

(XIV) To consider and approve the external guarantee required to be approved by the approval of the shareholders' general meeting pursuant to the laws, rules and the Articles of Association;

(XV) To consider the Company's purchase, disposal or replacement of major assets within one year with the aggregate value exceeding 30% of the latest audited total assets of the Company;

(XVI) To resolve on the guarantees specified in the Articles of Association;

(XVII) To consider the equity incentive plan;

(XVIII) To approve connected transactions which shall be approved at the shareholders' general meeting as required by laws, regulations, listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association;

(XIX) To consider any other matters which shall be resolved at the shareholders' general meeting as required by laws, administrative regulations, listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association.

Shareholders' general meetings include annual general meetings and extraordinary general meetings. An annual general meeting shall be convened once each financial year, and held within six months after the end of the previous fiscal year.

Extraordinary general meetings shall be convened as and when necessary. The Board of Directors shall convene an extraordinary general meeting within two months of the happening of an event if:

(I) The number of directors is below the required quorum as prescribed in the Company Law or is less than two-thirds of the required quorum hereunder;

(II) The losses not yet made up by the Company account for one-third of the total paid-up share capital;

(III) The shareholders individually or jointly holding more than 10% (including 10%) of total shares with voting rights of the Company make a request;

(IV) The Board of Directors considers it necessary or the Supervisors proposes convening the meeting;

(V) Two or more independent non-executive directors propose convening the meeting;

(VI) Other cases as required by laws, regulations, or the Articles of Association.

The number of shares held by a shareholder referred to in (III) above is calculated according to the shares of the Company held by the shareholder on the date when the shareholder submitted a written request.

Proposal for Shareholders' General Meeting

Unless otherwise provided in the Articles of Association, the shareholders holding, individually or jointly, more than 3% of the Company's shares may submit a temporary written proposal to the convener within 10 days before the date of the shareholders' general meeting. The convener of the shareholders' general meeting shall, within two days after receiving the proposal, send a supplemental notice or issue a circular or an announcement of the shareholders' general meeting to inform other shareholders in accordance with the relevant rules of the stock exchange on which the shares of the Company are listed, and include all matters falling within the terms of reference of the shareholders' general meeting on the agenda of the proposed meeting and submit them to the shareholders' general meeting for consideration.

Except as stated above, the convener shall not amend proposals that have been specified in the notice of the shareholders' general meeting or add new proposals after the issue of the notice of the shareholders' general meeting.

Notice of Shareholders' General Meeting

To hold an annual general meeting, a written notice shall be given 20 days prior to the meeting to inform all shareholders whose names appear on the register of members of the matters to be considered at the meeting and of the date and venue of the meeting. To hold an extraordinary general meeting, a written notice shall be given at least 15 days prior to the meeting to inform all shareholders whose names appear on the register of members of the matters to be considered at the meeting and of the date and venue of the meeting. Shareholders who intend to attend the shareholders' general meeting shall send a written reply on whether attending the meeting to the Company within the period specified in the notice of the shareholders' general meeting.

In calculating the starting time of "20 days" and "15 days" mentioned above, the Company shall exclude the date on which the meeting is convened but shall include the date on which the notice is issued.

For holders of domestic shares, the notice of the shareholders' general meeting may be published by way of an announcement (including on the website of the Company), and shall comply with the laws, administrative regulations and the rules of the stock exchange on which the shares of the Company are listed.

For holders of H shares, the Company may also publish notices of the shareholders' general meeting on the website of the Company and on the website designated by Hong Kong Stock Exchange or by other means permitted by the Listing Rules and the Articles of Association, or by hand or by post to each of the shareholders at their registered address.

Convening of Shareholders' General Meetings

Any shareholder entitled to attend and vote at the shareholders' general meeting shall be entitled to appoint one or more persons (not necessarily a shareholder) as his/her proxy to attend and vote on his/her behalf. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization from that shareholder:

(I) The shareholder's right to speak at the shareholders' general meeting;

(II) The right to demand, whether on his own or together with others, a poll;

(III) To exercise the right to vote by a show of hands or by poll; however, if more than one proxy is appointed by a shareholder, such proxies shall only exercise the right to vote on a poll.

In addition to the above provisions, the aforesaid power of attorney shall also include the following:

(I) The name of the proxy;

(II) The number of shares represented by the proxy;

(III) Whether the proxy has voting rights;

(IV) Instructions to vote for, against or abstain from voting on each of the matters to be considered in the agenda of the shareholders' general meeting;

(V) Whether the proxy has voting rights in respect of any interim proposal that may be included in the agenda of the shareholders' general meeting and, if so, the specific instructions on the voting rights to be exercised by the proxy;

(VI) The issuance date and the validity period of the power of attorney;

(VII) If there are more than one proxy, the power of attorney shall state the number of shares represented by each proxy;

(VIII) The signature (or the seal) of the appointer. If the appointer is a legal person, the power of attorney shall be affixed with the corporate seal.

The proxy form shall be deposited at the domicile of the Company or such other place specified for that purpose in the notice of convening the meeting, not less than 24 hours prior to convening of the meeting at which the proxy proposes to vote, or 24 hours before the time appointed for voting.

A Shareholders' General Meeting shall be presided over by the chairman of the Board. If the chairman of the Board cannot or fails to perform the duty thereof, one Director shall be jointly elected to preside over the meeting with the approval of not less than half of the Directors; if it fails to elect the chairman of the meeting, one shareholder shall be jointly elected to preside over the meeting from Shareholders attending the meeting. If, for any reason, the attending Shareholders fail to elect one to be the chairman, the attending Shareholder (or his/her proxy) who holds the most voting shares shall be the chairman of the meeting.

A Shareholders' General Meeting convened by the Supervisory Committee is to be presided over by the chairman of the Supervisory Committee. Where the chairman of the Supervisory Committee is unable or fails to perform the duty, the meeting is to be presided over by a Supervisor jointly elected by a simple majority of the Supervisors.

A Shareholders' General Meeting convened by Shareholders is to be presided over by one representative appointed by Conveners.

Voting and Resolutions at Shareholders' General Meetings

The resolutions of the shareholders' general meeting can be classified into ordinary resolutions and special resolutions. Ordinary resolutions at a shareholders' general meeting shall be passed by more than half of the voting rights held by shareholders (including proxies) attending the shareholders' general meeting. Special resolutions at the shareholders' general meeting shall be passed by more than two thirds of the voting rights held by shareholders (including proxies) attending the shareholders' general meeting.

Shareholders (including proxies) shall exercise their voting rights at a shareholders' general meeting based on the number of voting shares they represent, with one vote for each share. But shares held by the Company do not carry any voting rights, and such portion of shares shall not be counted into the total number of voting shares represented by shareholders' present at a shareholders' general meeting.

On a poll taken at a meeting, a shareholder (or his/her proxy) entitled to two or more votes need not cast all his votes for or against in the same manner.

In the case of an equality of votes, either by a show of hands or by ballot, the chairman of the meeting shall have a casting vote.

The following matters shall be resolved by a special resolution at a shareholders' general meeting:

(I) Increase or reduction of registered capital and issuance of shares of any class, warrants and other similar securities of the Company and/or its subsidiaries;

(II) Amendments to the Articles of Association of the Company and/or its subsidiaries;

(III) Issuance of corporate bonds and listing of securities by the Company and/or its subsidiaries;

(IV) Division, merger, dissolution and liquidation or change in corporate form of the Company and/or its subsidiaries;

(V) Any purchase or disposal of major assets made or guaranteed within one year with the aggregate transaction amount exceeding 30% of total assets of the Company, except for matters necessary for the Company's daily operations or the provision of guarantees for the Company and its wholly-owned subsidiaries;

(VI) Equity incentive plan of the Company and/or its subsidiaries;

(VII) Before the expiry of the Board of Directors, the number of replaced Directors shall be more than a fourth of the total members for the current year;

(VIII) Upon the expiry of the Board of Directors, the number of replaced Directors shall be more than a third of the total members for the current year;

(IX) Any other matters as required by laws, regulations or the Articles of Association to be subject to approval by special resolution at the general meeting and matters which, if resolved by way of an ordinary resolution at a general meeting, will have a material impact on the Company.

In particular, when the shareholders' general meeting considers a proposal submitted by the acquirer for the purpose of implementing a hostile takeover in relation to the purchase or sale of assets, lease in or lease out of assets, gift of assets, connected transactions, investment abroad, external guarantee or pledge, provision of financial assistance, restructuring of debts or liabilities, or entrustment/trusted operation, etc., it shall be approved by over 3/4 of the voting rights held by the shareholders present at the general meeting.

Any amendment to the preceding paragraphs shall also be approved by at least 3/4 of the voting rights held by the shareholders present at the general meeting.

When matters relating to connected transactions are considered at the general meeting, connected shareholders shall not participate in the voting and the number of voting shares represented by them shall not be counted as the total number of valid votes; the resolutions of the general meeting shall fully disclose the votes of non-connected shareholders.

Procedures for Voting by Class Shareholders

Shareholders who hold different classes of shares shall be class shareholders. Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and these Articles of Association.

If the Company intends to change or abrogate the rights of class shareholders, it may do so only after such change or abrogation has been approved by way of a special resolution at the general meeting and by a separate class meeting convened by the affected shareholders of that class in accordance with these Articles of Association.

The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following circumstances:

(I) To increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

(II) To convert all or part of the shares of such class into shares of another class, or to convert all or part of the shares of another class into shares of such class or grant of the right to such conversion;

(III) To cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;

(IV) To reduce or cancel a dividend preference, or a property distribution preference during liquidation of the Company, attached to shares of such class;

(V) To add, cancel or reduce share conversion rights, options, voting rights, transfer rights, preemptive rights or rights to acquire securities of the Company attached to shares of such class;

(VI) To cancel or reduce rights to receive amounts payable by the Company in particular currencies attached to shares of such class;

(VII) To create new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

(VIII) To impose restriction or add restrictions on the transfer of ownership of shares of such class;

(IX) To issue rights to subscribe for, or convert into, shares of such class or another class;

(X) To increase rights and privileges of shares of another class;

(XI) To restructure the Company in such a way as to cause shareholders of different classes to bear disproportionate liabilities under the restructuring; and

(XII) To amend or cancel provisions in the Articles of Association.

The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting, shall nevertheless be entitled to vote at any class meeting with respect to matters set forth in Clauses (II) to (VIII), (XI) to (XII) above, but interested shareholder(s) shall not be entitled to vote in class meetings.

The term "interested shareholders" in the preceding paragraph shall have the following meanings:

(I) In case of a buyback of shares by the Company by way of a general offer to all shareholders in equal proportion or by way of open market transactions on a stock exchange in accordance with Article 28 hereof, the controlling shareholders as defined in Article 57 of these Articles of Association shall be the "interested shareholders";

(II) In case of a buyback of shares by the Company by an over-the-counter agreement in accordance with Article 28 hereof, holders of shares in relation to such agreement shall be the "interested shareholders";

(III) Under a restructuring proposal of the Company, shareholders who assume lower proportion of obligation than that imposed on the other shareholders of that class or who have an interest in the proposed restructuring that is different from the interests in such proposed restructuring of the other shareholders of that class shall be the "interested shareholders".

Resolutions of a shareholders' class meeting shall only be passed by more than two thirds of the total voting rights held by the shareholders of that class present at the meeting in accordance with the Articles of Association.

Notice of the shareholders' class meeting shall be delivered only to the shareholders entitled to vote thereat.

The shareholders' class meeting shall, to the extent possible, be held according to the same procedure as that applicable to a general meeting, and the provisions of the Articles of Association relevant to the procedure for the holding of a general meeting shall be applicable to a shareholders' class meeting.

In addition to shareholders of other classes of shares, the holders of domestic shares and holders of overseas-listed foreign shares shall be deemed as shareholders of different classes

The special procedures for voting of class shareholders shall not apply under the following circumstances:

(I) With the approval by a special resolution at a general meeting, the Company issues domestic shares and overseas-listed foreign shares at an interval of 12 months, either separately or concurrently, and the respective numbers of domestic shares and overseas-listed foreign shares proposed to be issued do not exceed 20% of each of the issued and outstanding domestic shares and overseas-listed foreign shares;

(II) Where the plan of the Company to issue domestic shares and overseas-listed foreign shares at its establishment is completed within fifteen (15) months from the date of approval by the securities regulatory authorities under the State Council or within the validity period of the relevant approval documents; and

(III) With the approval from the securities regulatory authority under the State Council, holders of domestic shares of the Company transfer their shares to overseas investors, and such shares can be listed and traded on overseas stock exchanges.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced at a general meeting and shall each serve a term of three years. The term of office of a Director is renewable by re-election after its expiry.

A Director's term of office shall commence from the date on which he/she takes up the office, until the expiration of the term of office of the relevant session of the Board of Directors. Prior to the expiry of the term of office of the Board of Directors, the number of Directors to be replaced each year shall not exceed one quarter of the total number of members of the Board of Directors, unless they are not qualified to serve as Directors of the Company in accordance with laws, regulations and the Articles of Association; Upon expiry of the term of office of the Board of Directors, the number of newly replaced Directors shall not exceed one third of the total number of members of the Board of Directors.

If the term of office of a Director expires but reelection is not made responsively, the said Director shall continue to perform his/her duty as a Director pursuant to laws, regulations, and the Articles of Association. Any person appointed by the Board of Directors to fill a casual vacancy or as an addition to the Board of Directors shall hold office until the Company's first annual general meeting after his appointment and that person shall then be eligible for re-election and reappointment.

General manager or other senior management members of the Company may be appointed concurrently as Directors, but the total number of Directors who are concurrently serving as general manager or other senior management member shall not be more than 1/2 of the total number of Directors of the Company.

The Directors need not hold share(s) of the Company.

Board of Directors

The Company has established the Board of Directors (the "Boards"). The Board comprises twelve Directors, of which four Directors are independent non-executive Directors. The Company shall have not more than two observers of the Board who shall be nominated by the shareholders and elected at the shareholders' general meeting. Observers of the Board may attend the Board meeting and express their opinions on the issues proposed on the meeting, but shall be excluded from the vote. The observer shall serve a term of office of three years and may be re-elected upon expiry.

The Board shall perform the following duties and powers:

(I) To convene the general meeting and to propose the general meeting to approve relevant matters as well as report its performance at the general meetings;

(II) To implement resolutions adopted at the general meetings;

(III) To change the Company and/or scope of business or change the name of the Company and/or its controlling subsidiaries;

(IV) To make decisions on the Company's and/or its subsidiaries' business plans and investment plans;

(V) To formulate the Company's and/or its subsidiaries' annual financial budgets and annual final accounting plans;

(VI) To formulate the Company's and/or its subsidiaries' profit distribution plans and loss recovery plans;

(VII) To formulate the proposals on the increase or reduction of the Company's and/or its subsidiaries' registered capital;

(VIII) To formulate the proposals on the issuance of the Company's and/or its subsidiaries' corporate bonds and securities listing plans;

(IX) To formulate the plans for merger, division, dissolution or other changes in corporate form of the Company and/or its subsidiaries;

(X) To determine the purchase or sale of major assets of the Company and/or its subsidiaries, with the amount exceeding 30% of the most recently audited total assets;

(XI) To determine the establishment of internal management departments and the establishment of branches of the Company and/or its subsidiaries;

(XII) To appoint or dismiss the general manager and the secretary of Board of Directors; and to appoint or dismiss senior management personnel such as the deputy general manager and the financial controller as nominated by the general manager and to determine their remunerations, rewards and punishments;

(XIII) To formulate the basic management system of the Company and/or its subsidiaries;

(XIV) To formulate the remuneration and incentive system of the Company and/or its subsidiaries;

(XV) To formulate the proposals for any amendment to the Articles of Association of the Company and/or its subsidiaries;

(XVI) To propose the engagement or replacing of accounting firm which undertakes the audit business of the Company and/or its subsidiaries to the general meeting;

(XVII) The Company and/or its controlling subsidiaries enter into any of the following transactions (whether in the form of a single transaction or a series of consecutive related transactions) or execute, amend or terminate any agreement relating to such transactions:

(i) Save as annual budget approved, to conduct a transaction involving liabilities or expenses with an individual amount of more than RMB30 million (RMB30,000,000) or a cumulative amount of more than RMB100 million (RMB100,000,000) in a financial year, including those relating to providing loans, obtaining borrowings, providing guarantees and purchasing real estate, etc;

(ii) Save as annual budget approved, to sell, mortgage, pledge or otherwise sell or dispose of assets, businesses or equities with an individual amount of more than RMB30 million (RMB30,000,000) or a cumulative amount of more than RMB100 million (RMB100,000,000) in a financial year to any third party not included in the consolidated statements;

(iii) Save as annual budget approved, to sign a contract related to non-routine operations with an individual amount of more than RMB30 million (RMB30,000,000) or a cumulative amount of more than RMB100 million (RMB100,000,000) in a financial year with any third party not included in the consolidated statements; or to enter into any exclusive relationship with any third party not included in the consolidated statements;

(XVIII) To determine the external guarantee matter of the Company other than those to be considered by the general meeting;

(XIX) To engage or replace directors, supervisors and senior management personnel of wholly-owned subsidiary; to engage, replace or recommend directors (candidates) and supervisors (candidates) of controlling subsidiaries and shareholding subsidiaries;

(XX) To determine establishment of the subsidiaries and branches of the Company and to formulate the reorganisation plan of the Company's controlling subsidiaries;

(XXI) To listen to the work report of the general manager of the Company and/or its controlling subsidiaries and to inspect the work of the general manager of the Company and/or its controlling subsidiaries;

(XXII) To review and approve the connected transactions which shall be reviewed and approved by the Board of Directors in accordance with laws, regulations, the listing rules of the stock exchanges where the shares of the Company are listed, and the provisions of the Articles of Association;

(XXIII) In order to ensure the Company's continuous and stable operation and management, and safeguard the long-term interests of the Company and its shareholders as a whole, to take anti-takeover measures that are not prohibited by laws and regulations and not harmful to the legal interests of the Company and its shareholders when there is a hostile takeover;

(XXIV) Other duties and powers granted by the Articles of Association or the general meeting;

(XXV) Other matters as required by the laws, regulations, and the listing rules of the stock exchange where the shares of the Company are listed.

Resolutions by the Board of Directors on the matters referred to in the preceding paragraph shall, be passed by the affirmative vote of more than one half of all of the Directors with the exception of resolutions on the matters referred to in items (VII), (VIII), (IX), and (XV) which shall require the affirmative vote of at least two-thirds of all of the Directors for adoption.

A Board meeting shall not be convened unless more than half of the Directors are present. Each Director shall have one vote. Unless otherwise required by the laws, administrative regulations and the Articles of Association, resolutions of the Board of Directors shall be passed by a majority vote of all Directors. When the number of dissenting votes is equal to affirmative votes, the Chairman may cast another vote.

Subject to the exceptions specified in the Hong Kong Stock Exchange Listing Rules or otherwise allowed by Hong Kong Stock Exchange, a Director shall not vote on any resolution approving the contract, transaction, arrangement or any other proposal in which he/she or any of his/her associates (within the meaning of the Hong Kong Stock Exchange Listing Rules) has a material interest nor shall he be countered in the quorum present at the meeting.

The meeting notice shall be deemed to be delivered to such Director if he/she presents at the meeting and does not raise the issue of the non-receipt of such notice prior to his/her arrival at the meeting or the commencement of the meeting.

SECRETARY OF THE BOARD

The Company shall have a secretary to the Board of Directors, who shall be a member of the senior management of the Company.

The secretary to the Company's Board of Directors shall be a natural person who has the requisite professional knowledge and experience.

The accountant of the accounting firm appointed by the Company cannot serve concurrently as the secretary to the Board of Directors.

SUPERVISORY COMMITTEE

The Supervisory Committee shall be composed of six supervisors. The position of supervisor shall be assumed by shareholder representatives and employee representatives, of which four shall be represented by shareholders' representatives and two shall be represented by employee representatives, and shall be elected by shareholders' general meeting or replaced by a democratic election of the employee of the Company respectively. The Supervisory Committee shall have one chairman, who shall be elected or dismissed by over two-thirds of the Supervisors.

Meetings of the Supervisory Committee shall be convened and presided over by the chairman of the Supervisory Committee. Where the chairman of the Supervisory Committee is incapable of performing or fails to perform his/her duties, a Supervisor elected by a simple majority of the Supervisors shall convene and preside over the Supervisory Committee meeting.

Directors, general manager and other senior management members of the Company shall not serve as supervisors concurrently. Persons who serve as directors and supervisors in other vaccine R&D and production enterprises in China and abroad shall not serve as supervisors of the Company. Shareholders of the Company (including other funds managed by the same fund manager and other funds managed by other fund managers under the same beneficial controller) who hold 5% or more of the shares of other enterprises conducting R&D and production of vaccines in the PRC, shall not appoint representatives as supervisors of the Company, except with the consent of the general manager.

The Supervisory Committee shall be accountable to the general meeting and shall exercise the following powers in accordance with the law:

(I) To review the regular reports of the Company prepared by the Board of Directors and to submit written review opinions thereon;

(II) To check the financial position of the Company;

(III) To monitor the performance of duties by our Directors and senior management and propose removal of our Directors and senior management in the event of their non-compliance with the laws, regulations, our Articles of Association or resolutions passed by the general meeting;

(IV) To require directors and senior management to correct their acts which are detrimental to the interest of the Company;

(V) To propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with Company Law, to convene and preside over the general meetings;

(VI) To propose motions to the general meeting;

(VII) To initiate proceedings against directors and senior management in accordance with the Company Law;

(VIII) To check on the financial reports, business reports, profit distribution plans and other financial materials submitted by the Board of Directors to the general meeting, to conduct reviews whenever queries arise, to authorize, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;

(IX) To conduct investigation if there is any unusual circumstances in the Company's operations; and if necessary, to engage an accounting firm, law firm or other professional institutions to assist in their work at the expenses of the Company;

(X) To exercise other powers conferred by laws, regulations, and the Articles of Association.

Supervisors may attend Board meetings.

GENERAL MANAGER AND OTHER MEMBERS OF THE SENIOR MANAGEMENT

The Company shall have one general manager, who is to be appointed or removed by the Board of Directors.

The Company shall have certain deputy general managers and the specific number shall be determined by the Board of Directors according to the Company's operations. The deputy general manager shall be appointed or removed by the Board of Directors.

The Company's financial controller, chief financial officer, secretary to the Board and other senior management shall be nominated by the general manager and appointed by the Board of Directors.

The general manager is accountable to the Board of Directors and exercise the following powers:

(I) To preside over the Company's production, operation and management, organize the implementation of Board's resolutions, and report to the Board;

(II) To formulate the Company's annual operation plan, investment proposal, financial budgets and final accounts and report them to the Board for consideration and approval, and to organize the implementation of the Company' s annual operation plan, investment proposal and budget proposal;

(III) To be responsible for convening and presiding over the office meeting of the general manager;

(IV) To draft plans for the establishment of the Company's internal management structure;

(V) To formulate the Company's fundamental management system;

(VI) To formulate specific rules and regulations of the Company;

(VII) To propose to the Board the appointment or dismissal of other senior managements of the Company;

(VIII) To appoint or dismiss any management officer other than those required to be appointed or dismissed by the Board of Directors;

(IX) To propose the convening of extraordinary meetings of the Board of Directors;

(X) Other functions and powers granted under these Articles of Association or the Board of Directors.

FINANCIAL AND ACCOUNTING SYSTEMS

The Company shall formulate its own financial and accounting systems in accordance with the laws, administrative regulations and the relevant rules enacted by the state departments.

The Company adopts the Gregorian calendar year as its accounting year, i.e. from January 1 to December 31 of the calendar year. The Company shall prepare the annual financial accounting report within 120 days from the end of each accounting year.

The Company shall publish its financial report at least twice a accounting year, that is, its interim financial report shall be published within 60 days after the end of the first 6 months of the accounting year and its annual financial report shall be published within 120 days after the end of the accounting year.

The financial reports of the Company shall be made available for inspection at the Company by shareholders 20 days prior to the date of the regular shareholders' general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports mentioned in this chapter.

The financial reports mentioned in the preceding paragraph include the Board's report together with its balance sheet (including such documents as may be appended as required by Chinese laws or other laws and administrative regulations) and its profit and loss account or statement of income and expenditure, or (under condition of not violating PRC laws) financial highlights.

The Company shall deliver the aforesaid reports to each shareholder of overseas listed foreign shares by prepaid mail at the recipient's address shown in the register of shareholders no later than 21 days before convening of the annual general meeting. The Company can release aforesaid reports in the form of announcement (including through the website of the Company), subject to the compliance with the laws, administrative regulations and the listing rules of the stock exchange where the Company's shares are listed.

PROFIT DISTRIBUTIONS

When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve fund. If the accumulated amount of the statutory reserve fund reaches over 50% of the registered capital, the Company is released from the obligation of withholding statutory reserve fund.

Where the Company's statutory reserve fund is insufficient to cover the previous year's losses, the Company shall first use the profits of the current year to cover the losses before withholding the statutory reserve fund according to the provisions of the preceding paragraph.

After the Company withholds the statutory reserve fund from the after-tax profit, it may also withhold optional reserve fund from the after-tax profit upon the resolution of the general meeting.

The remaining after-tax profits of the Company after making up the losses and withholding the reserve funds are profits available for distribution to shareholders, and may be distributed according to the proportion of shares held by the shareholders based on the resolution of the general meeting.

Where the general meeting, in violation of the provisions of the preceding paragraph, distributes the profits to the shareholders before the Company makes up the losses and withholds the statutory reserve fund, the shareholders must return the profits distributed in violation of the provisions to the Company.

The Company's shares held by the Company shall not participate in the distribution of profits.

The Company shall appoint collection agents for shareholders of overseas listed foreign shares. The collection agents shall collect on behalf of the relevant shareholders the dividends distributed and other funds payable by the Company in respect of the overseas listed foreign shares, and hold such monies in their custody pending payment to the shareholders concerned.

The collection agents appointed by the Company shall meet the requirements of the laws of the place(s), or the relevant regulations of the securities exchange(s), where the shares of the Company are listed.

The collection agent appointed by the Company for shareholders of the overseas listed foreign shares listed on Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

On the premise of abiding by the relevant Laws and regulations of China, the Company may exercise the right to confiscate the unclaimed dividends, but the right can only be exercised after the expiration of the applicable restriction period after the declaration of the relevant dividends.

The Company has the right to terminate the delivery of dividend warrants by post to a shareholder of the overseas listed foreign shares, subject to the provision that if the dividend warrants are not cashed, the right shall be exercised only after the dividend warrants have not been cashed for consecutively twice. Such power may be exercised after the first occasion on which such a warrant is returned undelivered.

The Company shall have the right to sell the shares of the shareholders of the overseas listed foreign shares that cannot be contacted in such manner as the Board deems appropriate, subject to the following conditions:

(I) During a period of 12 years, at least three dividends in respect of the shares in question have become payable by the Company and no dividend has been claimed during that period; and

(II) On expiry of the 12 years, the Company gives notice of its intention to sell the shares by way of an announcement published in one or more the newspapers and notifies the stock exchange where such shares are listed of such intention.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

A company shall be dissolved for any of the following reasons:

(I) The term of its operation set out in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(II) The shareholders have resolved at a shareholders' general meeting to dissolve the Company;

(III) The Company is dissolved by reason of its merger or division;

(IV) The business license of the Company is revoked or the Company is ordered to close down or to be dissolved in accordance with the laws;

(V) When the Company has serious difficulties in its business management and its subsistence will have material prejudice to the interests of the shareholders, where the Company is unable to resolve the difficulties through any other means, the shareholders who hold an aggregate of over 10% of the whole voting rights can make a petition to the People's Court to dissolve the Company; and the People's Court dissolves the Company accordingly.

Where the Company is dissolved under the circumstances set forth in paragraph(I), (II), (IV) or (V) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the Company's creditors may file an application with a People's Court, requesting that the court appoint relevant personnel to form a liquidation committee to conduct the liquidation.

If the Board decides that the Company shall be liquidated (except for liquidation as a result of the Company's declaration of bankruptcy), the notice of the general meeting convened for such purpose shall include a statement to the effect that the Board has made full inquiry into the position of the Company and that the Board holds the opinion that the Company can repay its debts in full within 12 months after the commencement of liquidation. The functions and powers of the Board shall be terminated immediately after the general meeting has adopted a resolution to carry out the liquidation.

The liquidation committee shall take instructions from the general meeting, and make a report to the general meeting on the liquidation committee's income and expenditure, the business of the Company and the progress of the liquidation not less than once a year. It shall make a final report to the general meeting when the liquidation is completed.

The liquidation committee shall notify the creditors within a period of 10 days since the date of establishment, and publish announcements for at least 3 times in newspaper and other media for information disclosure within 60 days. Creditors shall, within 30 days since the date of receiving the notice, or for creditors who do not receive the notice, within 45 days since the date of the public announcement, report their creditors' rights to the liquidation committee. When reporting creditors' rights, the creditor shall provide an explanation of matters relevant to the creditor's rights and provide the supporting evidence. The liquidation committee shall register the creditors' rights.

After the liquidation committee has thoroughly examined the Company's assets and prepared the balance sheets and a schedule of assets, it shall formulate a liquidation plan and submit such plan to the general meeting or relevant competent authorities for confirmation.

Payment of liabilities out of the Company's property shall be made in the following sequence: liquidation expenses; wages owed to employees of the Company, labor insurance fees and statutory compensation; outstanding taxes; debts of the Company.

The Company's assets remaining after full payment in accordance with the provisions of the preceding paragraph shall be distributed by the Company's shareholders according to the class and proportion of their shareholdings.

During the liquidation period, the Company shall not carry out any business activities not related to liquidation. The property of the Company shall not be distributed to the shareholders until all liabilities have been paid off in accordance with the provisions of preceding paragraph.

If the liquidation committee, having thoroughly examined the Company's assets and prepared the balance sheets and a schedule of assets, discovers that the Company's assets is insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of bankruptcy. After the People's Court has ruled for the Company to declare itself bankrupt, the Company's liquidation committee shall refer the liquidation matters to the People's Court.

Following the completion of liquidation, the liquidation committee shall formulate a liquidation report and submit to the general meeting or the relevant competent authorities for confirmation. The liquidation committee shall deliver the same to the company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

Where a company is declared bankrupt according to the law, it shall carry out a bankruptcy liquidation according to the legal provisions concerning bankruptcy liquidation.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company may amend these Articles of Association in accordance with laws, administrative regulations and these Articles of Association.

Any amendment to the Articles of Association involving the contents of the Mandatory Provisions shall come into effect after being approved by the examination and approval department authorized by the and securities regulatory authorities under the State Council. Where the Company's registered items are involved, change registration shall be made according to law.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on May 18, 2012 and converted into a joint stock company with limited liability on May 25, 2021.

As of the date of this prospectus, our Company's head office is located at Room A217, Vaccine Engineering Center, China Medical City, Taizhou City, Jiangsu Province, PRC. Our Company has established a principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong and has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on July 26, 2021 with the Registrar of Companies in Hong Kong. The address for service of process is 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

As our Company was established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix VI—Summary of the Articles of Association." A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Appendix V—Summary of Principal Legal and Regulatory Provisions."

2. Changes in Share Capital of Our Company

Save as disclosed below and in the section headed "History, Development and Corporate Structure," there has been no alteration in the share capital of our Company since its incorporation.

- On March 4, 2015, the registered capital of our Company increased from RMB5.00 million to RMB5.56 million.
- On January 8, 2019, the registered capital of our Company increased from RMB5.56 million to RMB16,592,500.
- On January 25, 2019, the registered capital of our Company increased from RMB16,592,500 to RMB29,355,961.53.
- On November 12, 2020, the registered capital of our Company increased from RMB29,355,961.53 to RMB36,068,691.40.
- On March 25, 2021, the registered capital of our Company increased from RMB36,068,691.40 to RMB37,967,043.58.
- On March 29, 2021, the registered capital of our Company increased from RMB37,967,043.58 to RMB39,485,725.32.
- On June 1, 2021, the registered capital of our Company increased from RMB39,485,725.32 to RMB44,825,000.
- On June 29, 2021, the registered capital of our Company increased from RMB44,825,000 to RMB448,250,000.

3. Changes in Share Capital of Our Subsidiaries

Details of our subsidiary is set out in "History, Development and Corporate Structure—Our Subsidiaries" and note 1 to the Accountants' Report as set out in Appendix I to this prospectus.

Save as disclosed in "History, Development and Corporate Structure—Our Subsidiaries," there has been no alteration in the share capital of the subsidiary of our Company within two years immediately preceding the date of this prospectus.

4. Shareholders' Resolutions

At the extraordinary general meeting of our Company held on June 28, 2021, among other things, the following resolutions were passed by the Shareholders:

(a) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be listed on the Stock Exchange;

(b) the number of H Shares to be issued before the exercise of the Over-allotment Option shall not exceed 30,854,500 H Shares, representing approximately 6.44% of the enlarged share capital of our Company upon completion of the Global Offering, and granting the Underwriters the Over-allotment Option of no more than 15% of the above number of H Shares to be issued pursuant to this resolution;

(c) subject to the completion of the Global Offering, the conditional adoption of the Articles of Association, which shall become effective on the Listing Date; and

(d) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the Global Offering, the issue and listing of the H Shares.

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) have been entered into by us or any of our subsidiaries within the two years preceding the date of this prospectus that are or may be material:

(a) a cornerstone investment agreement dated March 17, 2022 entered into by and among the Company, Morgan Stanley Asia Limited, CMB International Capital Limited, CLSA Capital Markets Limited, CLSA Limited and Yangtze River (Hong Kong) Limited (揚子江(香港)有限公司), pursuant to which Yangtze River (Hong Kong) Limited (揚子江(香港)有限公司) agreed to subscribe for H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$40 million;

(b) a cornerstone investment agreement dated March 17, 2022 entered into by and among the Company, Morgan Stanley Asia Limited, CMB International Capital Limited, CLSA Capital Markets Limited, CLSA Limited and Harvest International Premium Value (Secondary Market) Fund SPC acting on behalf of Harvest High Yield SP, pursuant to which Harvest International Premium Value (Secondary Market) Fund SPC acting on behalf of Harvest High Yield SP agreed to subscribe for H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10 million;

(c) a cornerstone investment agreement dated March 17, 2022 entered into by and among the Company, Morgan Stanley Asia Limited, CMB International Capital Limited, CLSA Capital Markets Limited, CLSA Limited and SCC Growth VI Holdco C (HK) Limited, pursuant to which SCC Growth VI Holdco C (HK) Limited agreed to subscribe for H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$1 million;

(d) a cornerstone investment agreement dated March 17, 2022 entered into by and among the Company, Morgan Stanley Asia Limited, CMB International Capital Limited, CLSA Capital Markets Limited, CLSA Limited and SCHP Master Fund, pursuant to which SCHP Master Fund agreed to subscribe for H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$2 million; and

(e) the Hong Kong Underwriting Agreement.

2. Our Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Category	Place of Registration	Registration Number	Registrant	Expiration Date
1	瑞科生物	5	PRC	37900476	Our Company	April 21, 2030
2	RECBIO	44	PRC	37893835	Our Company	April 21, 2030
3	RECBIO	35	PRC	37882773	Our Company	April 21, 2030
4	RECBIO	16	PRC	37880360	Our Company	April 21, 2030
5	瑞科生物 RECBIO	5	PRC	37873475	Our Company	December 14, 2030
6	RECBIO	5, 35 and 44	Hong Kong	305597443	Our Company	September 2, 2031
7		5, 35 and 44	Hong Kong	305597452	Our Company	September 2, 2031

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Category	Place of Application	Application Number	Applicant	Application Date
1	瑞科生物 RECBIO 瑞科生物 RECBIO	5 and 44	Hong Kong	305597425	Our Company	April 20, 2021

(b) Patents

As of the Latest Practicable Date, we owned the following registered patents:

No.	Patent	Type	Place of Registration	Patent Number	Owner	Application Date
1	L-asparaginase Variants with Increased Activity (活性提高的L-天冬酰胺酶變體)	Invention	PRC	201110318250.6	Beijing ABZYMO	October 19, 2011
2	Method for Producing HPV18 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV18 L1蛋白的方法)	Invention	PRC	201210021524.X	Beijing ABZYMO	January 21, 2012
3	Method for Producing HPV6 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV6 L1蛋白的方法)	Invention	PRC	201210088620.6	Beijing ABZYMO	March 28, 2012
4	Method for Producing HPV11 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV11 L1蛋白的方法)	Invention	PRC	201210088656.4	Beijing ABZYMO	March 28, 2012
5	Method for Producing HPV58 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV58 L1蛋白的方法)	Invention	PRC	201310148823.4	Beijing ABZYMO, our Company	April 26, 2013

No.	Patent	Type	Place of Registration	Patent Number	Owner	Application Date
6	Method for Producing HPV52 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV52 L1蛋白的方法)	Invention	PRC	201310150032.5	Beijing ABZYMO, our Company	April 26, 2013
7	Method for Producing HPV 33 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV33 L1蛋白的方法)	Invention	PRC	201310183593.5	Beijing ABZYMO, our Company	May 17, 2013
8	Method for Producing HPV 68 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV68 L1蛋白的方法)	Invention	PRC	201310184823.X	Beijing ABZYMO, our Company	May 17, 2013
9	Method for Producing HPV 31 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV31 L1蛋白的方法)	Invention	PRC	201310185027.8	Beijing ABZYMO, our Company	May 17, 2013
10	Method for Producing HPV 45 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV45 L1蛋白的方法)	Invention	PRC	201310185039.0	Beijing ABZYMO, our Company	May 17, 2013
11	Packing box (recombinant two-component COVID-19 vaccines) (包裝盒(重組雙組分新冠肺炎疫苗))	Utility model	PRC	202130599527.1	Our Company, Beijing ABZYMO	September 10, 2021

As of the Latest Practicable Date, we had applied for the registration of the following patents which we consider to be or may be material to our business:

No.	Patent	Type	Place of Application	Application Number	Applicant	Application Date
1	Method for Producing HPV6 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV6 L1蛋白的方法)	Invention	PRC	201711118435.6	Beijing ABZYMO	March 28, 2012
2	Method for Producing HPV11 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV11 L1蛋白的方法)	Invention	PRC	201810637916.6	Beijing ABZYMO	March 28, 2012
3	Method for Producing HPV18 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV18 L1蛋白的方法)	Invention	PRC	201811381504.7	Beijing ABZYMO	January 21, 2012
4	Method for Producing HPV45 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV45 L1蛋白的方法)	Invention	PRC	201910638184.7	Beijing ABZYMO, our Company	May 17, 2013
5	Method for Producing HPV33 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV33 L1蛋白的方法)	Invention	PRC	201910692179.4	Beijing ABZYMO, our Company	May 17, 2013
6	Method for Producing HPV52 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV52 L1蛋白的方法)	Invention	PRC	201910793290.2	Beijing ABZYMO, our Company	April 26, 2013

No.	Patent	Type	Place of Application	Application Number	Applicant	Application Date
7	Method for Producing HPV58 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV58 L1蛋白的方法)	Invention	PRC	201910793381.6	Beijing ABZYMO, our Company	April 26, 2013
8	Method for Producing HPV31 L1 Protein with Hansenula Expression System (用漢遜酵母表達系統產生HPV31 L1蛋白的方法)	Invention	PRC	201910880015.4	Beijing ABZYMO, our Company	May 17, 2013
9	A hormone engineered bacteria and its construction and expression method (一種激素的工程菌及構建表達方法)	Invention	PRC	202010141620.2	Beijing ABZYMO	March 3, 2020
10	Fusion protein and its application (融合蛋白及其應用)	Invention	PRC	202111234947.5	Jiangsu Provincial Center for Disease Control and Prevention (Jiangsu Provincial Public Health Research Institute), our Company and Beijing ABZYMO	October 22, 2021
11	Fusion protein and its application (融合蛋白及其應用)	Invention	PRC	PCT/CN2021/125834	Jiangsu Provincial Center for Disease Control and Prevention (Jiangsu Provincial Public Health Research Institute), our Company and Beijing ABZYMO	October 22, 2021

No.	Patent	Type	Place of Application	Application Number	Applicant	Application Date
12	Immunogenic composition and its application (免疫原性組合物及其應用)	Invention	PRC	PCT/CN2021/125902	Jiangsu Provincial Center for Disease Control and Prevention (Jiangsu Provincial Public Health Research Institute), our Company and Beijing ABZYMO	October 22, 2021
13	Fusion protein and its application (融合蛋白及其應用)	Invention	PRC	202111236380.5	Jiangsu Provincial Center for Disease Control and Prevention (Jiangsu Provincial Public Health Research Institute), our Company and Beijing ABZYMO	October 22, 2021
14	Human papillomavirus type 11 L1 protein antibody and preparation method (一種人乳頭瘤病毒11型L1蛋白的抗體及其製備方法)	Invention	PRC	202110575487.6	Our Company, Beijing ABZYMO	May 26, 2021
15	Basic plasmid vector, recombinant plasmid vector, expression system, EV71 type VLPs vaccine (基礎質粒載體、重組質粒載體、表達系統、EV71型重組病毒樣顆粒和EV71疫苗)	Invention	PRC	202110707967.3	Our Company, Beijing ABZYMO	June 24, 2021
16	A kind of HPV Type 45 L1 protein antibody and its preparation method (一種人乳頭瘤病毒45型L1蛋白的抗體及其制備方法)	Invention	PRC	202110811303.1	Our Company, Beijing ABZYMO	July 19, 2021

No.	Patent	Type	Place of Application	Application Number	Applicant	Application Date
17	A kind of HPV Type 6 L1 protein antibody and its preparation method (一種人乳頭瘤病毒6型L1蛋白的抗體及其制備方法)	Invention	PRC	202110811218.5	Our Company, Beijing ABZYMO	July 19, 2021
18	A kind of gene recombination VZV fusion protein, its preparation method and application thereof (一種基因重組水痘-帶狀疱疹病毒融合蛋白及其制備方法和應用)	Invention	PRC	202110858777.1	Our Company, Beijing ABZYMO	July 28, 2021
19	A kind of gene recombination VZV fusion protein, its preparation method and application thereof (一種基因重組VZV融合蛋白及其制備方法和應用)	Invention	PRC	202110858776.7	Our Company, Beijing ABZYMO	July 28, 2021
20	COVID-19 virus antigen, its preparation method and application thereof (新型冠狀病毒抗原、其制備方法和應用)	Invention	PRC	202110988771.6	Our Company, Beijing ABZYMO	August 26, 2021
21	4'- monophosphoryl lipidA compounds detection method (4'-單磷酰脂質A類化合物的檢測方法)	Invention	PRC	202111060447.4	Our Company, Beijing ABZYMO	September 10, 2021
22	Mycobacterium tuberculosis antibody, its preparation method and application (重組結核分枝桿菌抗原、其製備方法和應用)	Invention	PRC	202111514485.2	Our Company, Beijing ABZYMO	December 13, 2021

No.	Patent	Type	Place of Application	Application Number	Applicant	Application Date
23	Expression system of enterovirus recombinant virus-like particles, virus-like particles prepared by such expression system and HFMD vaccine (腸道病毒重組病毒樣顆粒的表達系統、由該表達系統制備的病毒樣顆粒及手足口病疫苗)	Invention	PRC	202210057187.3	Our Company, Beijing ABZYMO	January 19, 2022
24	Preparation method of liposome (脂質體制備方法)	Invention	PRC	202210110412.5	Our Company, Beijing ABZYMO	January 29, 2022
25	Preparation method of emulsion (乳劑制備方法)	Invention	PRC	202210110072.6	Our Company, Beijing ABZYMO	January 29, 2022
26	COVID-19 virus antigen, its preparation method and application thereof (新型冠狀病毒抗原、其制備方法和應用)	Invention	PRC	202210112983.2	Our Company, Beijing ABZYMO	January 29, 2022
27	COVID-19 virus antigen composition, its preparation method and application thereof (新型冠狀病毒抗原組合物、其制備方法和應用)	Invention	PRC	202210113824.4	Jiangsu Provincial Center for Disease Control and Prevention (Jiangsu Provincial Public Health Research Institute), our Company and Beijing ABZYMO	January 30, 2022
28	A SARS-CoV-2 universal vaccine and its application (一種SARS-CoV-2廣譜疫苗及其應用)	Invention	PRC	202210113821.0	Jiangsu Provincial Center for Disease Control and Prevention (Jiangsu Provincial Public Health Research Institute), our Company and Beijing ABZYMO	January 30, 2022

(c) Software copyright

As of the Latest Practicable Date, we owned the following software copyrights which we consider to be or may be material to our business:

No.	Subject	Owner	Certification Number	First Published Date
1	ABZYMO Directed Evolution System of Protein In Vitro V1.0	Beijing ABZYMO	2012SR130338	June 8, 2011
2	ABZYMO Colloidal Gold Immunodiagnostic Reagent Test System V1.0	Beijing ABZYMO	2012SR130488	August 9, 2011
3	ABZYMO Enzyme Linked Immunodiagnostic Reagent Test System V1.0	Beijing ABZYMO	2012SR126403	November 16, 2011
4	ABZYMO Immunoturbidimetric Reagent Test System V1.0	Beijing ABZYMO	2012SR126737	March 8, 2012
5	ABZYMO Biochemical Diagnostic Reagent Quality Control System V1.0	Beijing ABZYMO	2012SR126498	May 10, 2012
6	ABZYMO Microsphere Labeled Reagent Device System V1.0	Beijing ABZYMO	2012SR126494	August 15, 2012

(d) Domain Names

As of the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain names	Registered owner	Registration approval date
1	recbio.cn	Our Company	July 9, 2021
2	abzymo.cn abzymo.com	Beijing ABZYMO	March 26, 2020

Save as aforesaid, as of the Latest Practicable Date, there were no other intellectual property rights which the Company considers to be or may be material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors and Supervisors

(i) Disclosure of Interests – Interests and short positions of the Directors and the chief executive in the Shares, underlying Shares or debentures of our Company and our associated corporations

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), the interests or short positions of our Directors and chief executives 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 short positions which he/she 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 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 Companies contained in the Listing Rules, will be as follows:

Long position in the Shares of our Company

		As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming Over-allotment Option is not exercised)		
Name	**Nature of interest**	**Number and class of Shares**	**Appropriate percentage of interest in our Company**	**Number and class of Shares**	**Approximate percentage of interest in our Company**	**Approximate percentage of interest in the relevant class of Shares of our Company**
Dr. Liu	Beneficial owner	258,590 Domestic Shares	0.06%	258,590 Domestic Shares	0.05%	0.07% *(Domestic Shares and Unlisted Foreign Shares)*
	Interest in controlled corporations[(1)]	96,682,850 Domestic Shares	21.57%	96,682,850 Domestic Shares	20.18%	24.83% *(Domestic Shares and Unlisted Foreign Shares)*

		As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming Over-allotment Option is not exercised)		
Name	Nature of interest	Number and class of Shares	Appropriate percentage of interest in our Company	Number and class of Shares	Approximate percentage of interest in our Company	Approximate percentage of interest in the relevant class of Shares of our Company
FENG Tao[(2)]	Interest in controlled corporations	27,203,740 Domestic Shares	6.07%	27,203,740 Domestic Shares	5.68%	6.99% *(Domestic Shares and Unlisted Foreign Shares)*

Notes:

(1) As of the Latest Practicable Date, Dr. Liu is the general partner of each of Taizhou Yuangong, Taizhou Baibei, Taizhou Guquan and Lianyungang Ruibaitai and interested in an aggregate of 96,682,850 Domestic Shares held by these four entities. Therefore, Dr. Liu is deemed to be interested in the Shares held by each of Taizhou Yuangong, Taizhou Baibei, Taizhou Guquan and Lianyungang Ruibaitai under the SFO.

(2) As of the Latest Practicable Date, Fer-Capital was the general partner of each of Shenzhen Yingkejin, Woyang Health, Woyang Phase II and Shenzhen Luewei. Fer-Capital is held by FENG Tao (逄濤), our non-executive Director, as to an aggregate of approximately 42.8% (comprising 32.80% of his direct equity interests, and as a general partner of Shenzhen Huizhi Gongying Enterprise Management Partnership (Limited Partnership) (深圳市匯智共盈企業管理合夥企業(有限合夥)) holding 10% equity interests), and 33.60% by CHEN Erjia (陳爾佳). Therefore, each of FENG Tao, CHEN Erjia and Fer-Capital was deemed to be interested in the Shares held by Shenzhen Yingkejin, Woyang Health, Woyang Phase II and Shenzhen Luewei under the SFO.

(ii) Particulars of service agreements

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, our Company has entered into a service agreement with each of the Directors and Supervisors which contains provisions in relation to, among other things, compliance of relevant laws and regulations, observation of the Articles of Association and provisions on arbitration.

The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following his/her respective appointment date; and (b) each of the agreements is subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed above, our Company has not entered, and do not propose to enter, into any service contracts with any of the Directors or Supervisors in their respective capacities as Directors/Supervisors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(iii) Directors' and Supervisors' remuneration

For details of the Directors' and Supervisors' remuneration, see "Directors, Supervisors and Senior Management—Directors' and supervisors' remuneration" of this prospectus and Note 8 to the Accountants' Report as set out in Appendix I to this prospectus.

2. Substantial Shareholders

For information on the persons who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), 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 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of any other member of our Company, see "Substantial Shareholders" of this prospectus.

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of any member of our Group or had option in respect of such capital.

3. Disclaimers

Save as disclosed in this prospectus:

(i) none of our Directors, Supervisors or any of the parties listed in "—7. Qualification of Experts" of this Appendix is:

(a) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or

(b) materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(ii) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties listed in "—7. Qualification of Experts" of this Appendix:

(a) is interested legally or beneficially in any shares in any member of our Group; or

(b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(iii) none of our Directors or Supervisors or their close associates or any Shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and

(iv) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

During the Track Record Period and as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares to be converted from Unlisted Shares and the H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option). All necessary arrangements have been made to enable our H Shares to be admitted into CCASS.

Each of Morgan Stanley Asia Limited and CLSA Capital Markets Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

CMB International Capital Limited, being one of the Joint Sponsors, is a wholly-owned subsidiary of CMB International Capital Corporation Limited (招銀國際金融有限公司). Jiangsu Zhaoyin Chanye Fund Management Co., Ltd. (江蘇招銀產業基金管理有限公司) ("**Jiangsu Zhaoyin**"), being a wholly-owned subsidiary of CMB International Capital Corporation Limited, is regarded as members of the sponsor group (as defined under Rule 3A.01 of the Listing Rules) of CMB International Capital Limited. Certain funds (namely, Nanjing Zhaoyin Modern Industry No. II Equity Investment Fund (Limited Partnership) (南京招銀現代產業貳號股權投資基金(有限合夥)), Nanjing Zhenyuan No. III Equity Investment Partnership Fund (Limited Partnership) (南京甄遠三號股權投資合夥企業(有限合夥)) and Nanjing Zhaoyin Gongying Equity Investment Partnership (Limited Partnership) (南京市招銀共贏股權投資合夥企業(有限合夥)) (collectively, the "**Zhaoyin Funds**")), which collectively and beneficially held a total of approximately 5.11% interest in the Company as of the date of the Company's listing application and will hold a total of approximately 4.78% interest in the Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), are managed by Jiangsu Zhaoyin. Therefore, Jiangsu Zhaoyin is deemed to be interested in the Shares held by the Zhaoyin Funds. In addition, Mr. Du Wei, a non-executive Director, is an executive director of CMB International Capital Management (Shenzhen) Co., Ltd. (招銀國際資本管理(深圳)有限公司), which is also a subsidiary of CMB International Capital Corporation Limited. In view of the above, CMB International Capital Limited does not satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Each of the Joint Sponsors will be paid by our Company a fee of US$500,000 to act as a sponsor to our Company in connection with the Listing.

4. Compliance Advisor

Our Company has appointed Soochow Securities International Capital Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

6. Taxation of holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is a total of HK$2.60 for every HK$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix IV—Taxation and Foreign Exchange."

7. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this prospectus:

Name	Qualification
Morgan Stanley Asia Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
CMB International Capital Limited	Licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
CLSA Capital Markets Limited	Licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Zhong Lun Law Firm	Legal advisor as to PRC law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Ernst & Young	Certified public accountants and Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

8. Consent of Experts

Each of the experts whose names are set out in paragraph 7 above has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

9. Promoters

The promoters of our Company are all of the 48 then Shareholders of our Company as of May 25, 2021 before our conversion into a joint stock limited liability company:

No.	Name
1	Taizhou Yuangong Partnership (Limited Partnership) (泰州元工科技合夥企業(有限合夥))
2	Shanghai Chaorui Medical Technology Partnership (Limited Partnership) (上海超瑞醫藥科技合夥企業(有限合夥))
3	Beijing Junlian Shengyuan Equity Investment Enterprise (Limited Partnership) (北京君聯晟源股權投資合夥企業(有限合夥))
4	Nanjing Zhaoyin Modern Industry No. II Equity Investment Fund (Limited Partnership) (南京招銀現代產業貳號股權投資基金(有限合夥))
5	LYFE Niagara River Limited
6	Shenzhen Fuhai Xincai Phase II Venture Capital Investment Fund Partnership (Limited Partnership) (深圳市富海新材二期創業投資基金合夥企業(有限合夥))
7	Shenzhen Yingkejin Investment Management Partnership (Limited Partnership) (深圳盈科進投資管理合夥企業(有限合夥))
8	Shenzhen Sequoia Hanchen Equity Investment Partnership (Limited Partnership) (深圳市紅杉瀚辰股權投資合夥企業(有限合夥))
9	Zhuhai Junlian Yongshuo Equity Investment Enterprise (Limited Partnership) (珠海君聯永碩股權投資企業(有限合夥))
10	SCC Growth VI Holdco C (HK) Limited
11	Shenzhen Fuhai Juanyong II Venture Capital Enterprise (Limited Partnership) (深圳富海雋永二號創業投資企業(有限合夥))
12	Lianyungang Ruibaitai Medical Technology Partnership (Limited Partnership) (連雲港瑞百泰醫藥科技合夥企業(有限合夥))
13	Jiangsu Jiequan Zhongwei Tengyun Medical Health Industry Fund (Limited Partnership) (江蘇聿泉中衛騰雲醫藥健康產業投資基金(有限合夥))

No.	Name
14	Shanghai Jiyue Enterprise Management Partnership (Limited Partnership) (上海濟玥企業管理合夥企業(有限合夥))
15	Shanghai Jixuan Enterprise Management Consulting Partnership (Limited Partnership) (上海濟軒企業管理諮詢合夥企業(有限合夥))
16	Ningbo Meishan Bonded Port Areas Haojin Zhitong Equity Investment Partnership (Limited Partnership) (寧波梅山保税港區浩金致同股權投資合夥企業(有限合夥))
17	Xiangfeng (Xiamen) Investment Partnership (Limited Partnership) (祥峰(廈門)投資合夥企業(有限合夥))
18	Taizhou China Pharmaceutical City Class I New Drug R&D Investment Fund Partnership (Limited Partnership) (泰州中國醫藥城一類新藥研發投資基金合夥企業(有限合夥))
19	Ganzhou Haojin Zhiyuan Equity Investment Center (Limited Partnership) (贛州浩金致遠股權投資中心(有限合夥))
20	Liuyang Woyang Health Industry Investment Partnership (Limited Partnership) (瀏陽沃陽健康產業投資合夥企業(有限合夥))
21	Changsha Woyang Phase II Health Industry Investment Partnership (Limited Partnership) (長沙沃陽二期健康產業投資合夥企業(有限合夥))
22	Wuhan Chengyelian Equity Investment Enterprise (Limited Partnership) (武漢成業聯股權投資企業(有限合夥))
23	Suzhou Industrial Park Xinjianyuan Phase III Venture Capital Partnership (Limited Partnership) (蘇州工業園區新建元三期創業投資企業(有限合夥))
24	Haitong Innovation Securities Investment Co., Ltd. (海通創新證券投資有限公司)
25	Healthy Prestige Limited

No.	Name
26	Ma An Shan Lingnuo Jishi Equity Investment Partnership (Limited Partnership) (馬鞍山領諾基石股權投資合夥企業(有限合夥))
27	Nanjing Tsingsong Medical Health Industry Investment Partnership (Limited Partnership) (南京清松醫療健康產業投資合夥企業(有限合夥))
28	Shenzhen Tsingsong Chengtou Investment Partnership (Limited Partnership) (深圳清松城投投資合夥企業(有限合夥))
29	YUN Ruilin (員瑞林)
30	Nanjing Zhenyuan III Equity Investment Partnership (Limited Partnership) (南京甄遠叁號股權投資合夥企業(有限合夥))
31	Suzhou Ruishi Nisheng Equity Investment Center (Limited Partnership) (蘇州睿石尼盛股權投資中心(有限合夥))
32	Shenzhen Fuhai Junyong III Venture Capital Enterprise (Limited Partnership) (深圳富海雋永三號創業投資企業(有限合夥))
33	Shenzhen Qianhai Kekong Fuhai Youxuan Venture Capital Investment Partnership (Limited Partnership) (深圳市前海科控富海優選創業投資合夥企業(有限合夥))
34	Jiangsu Taizhou Guangkong Industry Investment Partnership (Limited Partnership) (江蘇泰州光控產業投資合夥企業(有限合夥))
35	WO Jiuhua (沃九華)
36	LIU Hongyan (劉紅岩)
37	Shenzhen Fuhai Youxuan II High Technology Venture Capital Investment Partnership (Limited Partnership) (深圳市富海優選二號高科技創業投資合夥企業(有限合夥))
38	Shenzhen Luewei Investment Management Partnership (Limited Partnership) (深圳略威投資管理合夥企業(有限合夥))

No.	Name
39	ZHAO Jiayi (趙嘉藝)
40	Nanjing Xinrui Technology Partnership (Limited Partnership) (南京新睿科技合夥企業(有限合夥))
41	Hongxun ABZYMO Nantong Equity Investment Center (Limited Partnership) (弘訊安百勝南通股權投資中心(有限合夥))
42	Taizhou Xinchuanlv Enterprise Management Partnership (Limited Partnership) (泰州薪傳律企業管理合夥企業(有限合夥))
43	Shanghai Jinru Culture Development Co., Ltd. (上海金儒文化發展有限公司)
44	Jiangsu Zhongwei Tengyun Venture Capital Management Co., Ltd. (江蘇中衛騰雲創業投資管理有限公司)
45	Shenzhen Nanshan OFC Small and Medium Venture Capital Investment Fund Partnership (Limited Partnership) (深圳南山東方富海中小微創業投資基金合夥企業(有限合夥))
46	Shenzhen Zhaoyin Goingying Equity Investment Partnership (Limited Partnership) (深圳市招銀共贏股權投資合夥企業(有限合夥))
47	Dr. Liu
48	Nanjing Zhaoyin Gongying Equity Investment Partnership (Limited Partnership) (南京市招銀共贏股權投資合夥企業(有限合夥))

Save as disclosed in the section headed "History, Development and Corporate Structure", within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering and the related transactions described in this prospectus.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance on the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in so far as applicable.

12. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since September 30, 2021 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

13. Miscellaneous

Save as disclosed in this prospectus:

(a) within the three years immediately preceding the date of this prospectus:

  (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

  (ii) no 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; and

  (iii) no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(b) 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;

(c) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(d) there is no arrangement under which future dividends are waived or agreed to be waived;

(e) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus;

(f) our Company has no outstanding convertible debt securities or debentures; and

(g) none of our equity and debt securities is presently listed on any stock exchange or traded on any trading system and no such listing or permission to list is being or is proposed to be sought.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the **Green** Application Form;

(b) the written consents referred to in "Appendix VII—Statutory and General Information—D. Other Information—8. Consents of Experts;" and

(c) a copy of each of the material contracts referred to in "Appendix VII—Statutory and General Information—B. Further Information about our Business—1. Summary of Material Contracts."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.recbio.cn** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association of our Company;

(b) the Accountants' Report prepared by Ernst & Young for the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of the companies comprising our Group for the two years ended December 31, 2019, 2020 and the nine months ended September 30, 2021;

(d) the report in relation to unaudited pro forma financial information of our Group prepared by Ernst & Young, the text of which is set out in Appendix II to this prospectus;

(e) the PRC legal opinions issued by Zhong Lun Law Firm, our PRC Legal Advisor, in respect of certain aspects of the Group;

(f) the material contracts referred to in "Appendix VII—Statutory and General Information—B. Further Information about our Business—1. Summary of Material Contracts;"

(g) the written consents referred to in "Appendix VII—Statutory and General Information—D. Other Information—8. Consents of Experts;"

(h) the service contracts and letters of appointment referred to in "Appendix VII – Statutory and General Information—C. Further Information about Our Directors, Supervisors and Substantial Shareholders—1. Directors and Supervisors";

(i) the industry report prepared by Frost & Sullivan; and

(j) the PRC Company Law, the Mandatory Provisions and the Special Regulations together with their unofficial English translation.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