This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decided to [**REDACTED**] *the* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in "Risk Factors" of this document. You should read that section carefully before you decide to* [**REDACTED**] *the* [**REDACTED**].

OVERVIEW

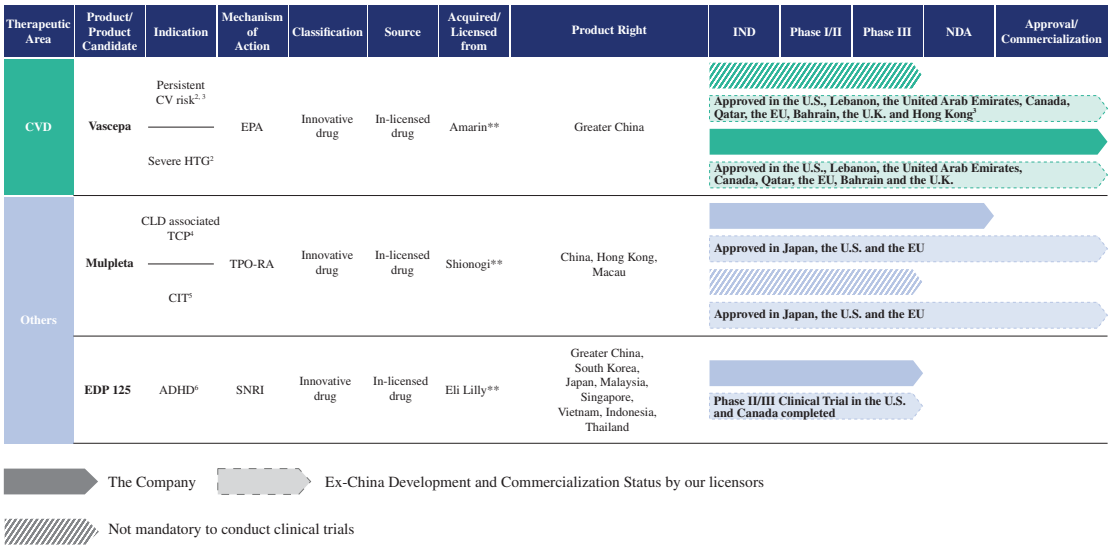
We are a fully integrated biopharmaceutical company dedicated to bringing promising therapeutics to patients in underserved therapeutic areas in China. We started our business in 2001 collaborating with global pharmaceutical MNCs and biotechnology companies to distribute their products in China. Through years of collaboration with MNCs and biotechnology companies, we have developed full value chain capabilities that laid the foundation for our evolution into an integrated biopharmaceutical company. With deep knowledge of the China market and recognition by MNC partners and global biotechnology companies of our value chain capabilities, we have successfully acquired full product rights for a portfolio of de-risked drug assets to address China's unmet medical needs and have evolved into a marketing authorization holder ("MAH") responsible for drug quality for their entire lifecycle.

Our product portfolio comprises commercialized and innovative pipeline assets with highly visible near-term market potential in China. We focus our current portfolio on originator-branded drugs in the anti-infectives, CVD, and respiratory system therapeutic areas, with synergistic value in pediatric care. Set forth below is our portfolio of core commercialized and pipeline assets:

Core Commercialized Products (the Company is the MAH)

Therapeutic Area	Product/ Product Candidate	Indication	Mechanism of Action	Classification	Source	Acquired/ Licensed from	Product Right	IND	Phase I/II	Phase III	NDA	Approval/ Commercialization
Anti-infectives	**Vancocin**	MRSA and other infection	Glycopeptides	Originator branded drug	Acquired drug	Eli Lilly*	China, Italy					
	Ceclor	Gram +/- bacterial infections[1]	Cephalosporin	Originator branded drug	Acquired drug	Eli Lilly*	China					
Respiratory System	**Fluticasone Propionate Nebulizer Suspension**	Asthma	ICS	Originator branded drug	Acquired drug	GSK*	China, Netherlands					

Core Innovative Pipelines (in-licensed innovative products)



* Originator

** Licensor

1. Our major cefaclor sub-product, Ceclor Sachet, is a market leading anti-bacterial drug for pediatric use.
2. Persistent CRR and severe HTG reduction are FDA-approved indications. Vascepa received NDA approval from the NMPA for the treatment of severe HTG in May 2023 and we expect to commence sales of this product in China in the second half of 2023.
3. We plan to explore the clinical use of Vascepa for the treatment of persistent CRR. In February 2022, the competent Hong Kong authority approved our NDA for the treatment of CRR as an adjunct to maximally tolerated statin therapy to reduce the risk of myocardial infarction, stroke, coronary revascularization, and unstable angina requiring hospitalization in adult patients with elevated TG levels (≥150 mg/dL) and established CVD or diabetes mellitus and two or more additional risk factors for CVD.
4. CLD-associated TCP is the indication approved in Japan, the U.S. and the EU. We have completed the Phase III clinical trial in China for Mulpleta for the treatment of TCP in patients with CLD that are scheduled to undergo invasive procedures in China, and we submitted NDA to the NMPA in November 2021, which the NMPA has accepted for review. In December 2022, the CDE began the second-round technical review, and we expect to obtain approval in the third quarter of 2023.
5. We plan to explore the indication expansion of Mulpleta to CIT. We are in the preliminary stage of formulating a clinical development plan, and expect to obtain NDA approval for CIT indication expansion by the end of 2026.
6. We have completed the Phase III clinical trial in China for EDP 125 indicated for the treatment of ADHD in children and adolescents in January 2023 and plan to submit NDA to the NMPA in the second half of 2023.

Our Core Competencies

We have developed a fully-integrated platform of capabilities that has been crucial to our success:

- *Business development and asset selection.* We have developed a systematic business development methodology which has enabled us to strategically select therapeutic areas and assets with a successful track record. Leveraging our deep understanding of, and insights in the China pharmaceutical market, we are a fast-mover in discerning and unlocking the untapped potential of drug candidates for the China market. We have identified the anti-infectives, CVD, and respiratory system therapeutic areas as our current strategic focus, which encompass some of the most prevalent diseases and underserved patient populations in China. Within these

therapeutic areas, we focus on identifying innovative but de-risked therapies with strong intra-pipeline synergistic potential. Our end-market sales volume of Vancocin, Ceclor Sachet and FPN increased by 34.9%, 83.7% and 182.1% from 2020 to 2022, respectively.

- *Drug development and commercialization*. We are an ideal gateway partner for global pharmaceutical MNCs and biotechnology companies. We create value for our partners through fast and high-quality drug development by leveraging our China-focused drug development capabilities and global-standard management and operating systems. We have a strong track record of successful clinical development and commercialization, with three completed Phase III multi-center clinical trials designed and managed by in-house teams and three core products successfully commercialized. We have accumulated deep knowledge in pharmaceutical industry policies and regulatory pathway strategies to navigate the regulatory process and build efficient communication channels with government agencies, which have been crucial to our smooth and accelerated drug development. Moreover, with a global-standard management structure and operating system, we share the same corporate mindset and values as our MNC partners, enabling smooth collaboration and communication in our partnerships.

- *Advanced manufacturing and global supply chain*. With over 20 years of experience, we have built a manufacturing platform with techniques and know-how to produce drugs with unmatched quality, forming a key competitive advantage against competitors. We have localized facilities to manufacture two of our three core commercialized products, namely, Ceclor and FPN. Our ability to manufacture these originator-branded drugs, including achieving an industry-leading 6σ quality level for Ceclor production, demonstrates our strong management capabilities and high manufacturing standards. We leverage our cross-regional supply chain management and coordination capabilities to manage an end-to-end global supply chain, and our long-term relationships with suppliers to ensure efficiency and stability of our supply chain.

- *Academic-oriented marketing*. With a portfolio of innovative and branded drugs, we execute a holistic product and brand promotion strategy focused on academic promotion, which we believe has long-term benefits in establishing brand awareness and building our reputation. We have contributed to numerous clinical practice guidelines and experts' consensus updates of prominent industry associations and engaged in academic research, such as conference sponsorships and journal publications, to increase our share of voice in our core therapeutic areas. Through these efforts, we aim to strengthen trust with physicians and KOLs to achieve better clinical outcomes in patients. Our commercialization strategies are managed by a lean and efficient sales and marketing force that also oversees a nationwide sales network with over 300 regional distributors, covering more than 16,000 hospitals and 13,000 pharmacies across 30 provinces in China as of December 31, 2022.

Leveraging these core competencies, our MAH business model and de-risked product portfolio have translated into robust financial performance as we capture growth potential across the full value chain. Our revenue amounted to RMB2,073.8 million in 2022. We have also demonstrated strong profitability with a gross profit margin of 66.0% in the same year. With a solid financial foundation, we are well-positioned to capitalize on our competitive advantages and continue on our growth trajectory in China's biopharmaceutical market.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success and differentiated us from our competitors, and will continue to drive our success: (i) fully integrated biopharmaceutical company with a de-risked product portfolio and full value chain capabilities; (ii) strong business development capabilities with proven track record in some of the largest and fastest-growing therapeutic areas in China; (iii) an ideal gateway partner for global pharmaceutical MNCs and biotechnology companies seeking accelerated access to China; (iv) advanced manufacturing, global supply chain and quality management capabilities forming high competitive moat; (v) lean and efficient sales and marketing team executing academic-oriented marketing strategy and brand promotion; and (vi) visionary and experienced management team with in-depth industry know-how and track record of efficient execution.

OUR BUSINESS STRATEGIES

We intend to pursue the following strategies to further grow our business: (i) further enrich our product portfolio in selected therapeutic areas; (ii) continue to advance our existing product portfolio and enhance R&D capabilities; (iii) further strengthen manufacturing and process control capabilities, and global supply chain infrastructure; and (iv) enhance academic-oriented marketing strategies and sales network.

OUR PRODUCTS AND MARKET OPPORTUNITIES

We have established a high-quality product portfolio comprising six core products, including three commercialized originator-branded products and three innovative pipeline products. Each of them addresses significant unmet medical needs in a large or fast-growing therapeutic area, namely, anti-infectives, CVD, and respiratory system diseases. We are the MAH in China for all of our core commercialized products. As the MAH, we have full product rights for our core commercialized products and are responsible for drug quality in the whole life cycle of such products. We entrust overseas CMOs for the manufacturing of Vancocin and FPN, and manufacture Ceclor by ourselves. We plan to manufacture FPN by ourselves after we obtain manufacturing approval from the NMPA. We are also responsible for the sales and marketing for such products.

Anti-infectives

The therapeutic area of anti-infectives has a very large patient base in China. For example, there were more than 2.5 billion annual incidences of respiratory infections and 23 million annual incidences of urinary tract infection in China in 2022. Originator-branded anti-bacterial drugs have captured stable growth momentum in recent years in China, mainly driven by the established trust of healthcare professionals and patients for their proven safety and efficacy profiles. We have two originator-branded anti-bacterial drugs, Vancocin and Ceclor, which we have marketed in China on an exclusive basis in accordance with our exclusive marketing and selling rights since January 2017. In October 2019, we acquired the product rights for Vancocin in China and Italy and for Ceclor in China, and the Ceclor manufacturing site in China from Eli Lilly. Vancocin and Ceclor were launched in China in 1988 and 1993, respectively.

Vancocin (Vancomycin Hydrochloride for Injection)

Vancomycin is the gold standard for treating MRSA infections and is the only first-line drug among major therapies for the treatment of MRSA infections in the NRDL, according to the Frost & Sullivan Report. Vancocin, as the originator-branded product of vancomycin, stands out as a dominant player in the treatment of MRSA infections, capturing a 62.7% share in the RMB1.7 billion vancomycin drug market in China in terms of 2022 sales revenue, according to the Frost & Sullivan Report. As of the Latest Practicable Date, six generic versions of Vancocin had been approved in China, including three imported generics and three domestic generics. As of the same date, three generic versions of Vancocin have passed the Generic Quality Consistency Evaluation ("GQCE") and the other three are in the process of applying for GQCE qualification.

Ceclor: Ceclor Sachet, Ceclor Capsules, Ceclor Sustained Release Tablets (II)

Cefaclor is one of the leading oral molecules among cephalosporins and has proven safety and efficacy profiles, which are critical for pediatric use. Our major cefaclor sub-product Ceclor Sachet is a leading anti-bacterial brand for pediatric use in China. With a strong brand reputation and superior safety profile as the originator-branded product, Ceclor Sachet held a dominant market share of over 70% in cefaclor for pediatric use in China from 2020 to 2022, according to the Frost &Sullivan Report. We manufacture Ceclor products in our advanced manufacturing facility located in Suzhou, which we acquired from Eli Lilly in October 2019. Leveraging our extensive know-how and state-of-the-art manufacturing facility, we produce Ceclor with effective quality control and assurance, especially in controlling impurity levels and ensuring product quality consistency.

Respiratory System

FPN (Fluticasone Propionate Nebulizer Suspension)

Launched in China in 2017, FPN, currently marketed under the brand "Yi Rui Ping" (億瑞平) in China, is the latest-generation ICS nebulizer indicated for the treatment of mild to moderate asthma in children and adolescents in China. We completed the acquisition of the product rights for FPN in China and the Netherlands from GSK in May 2020, prior to which we had marketed and sold on an exclusive basis in China since November 2019 under an interim arrangement. The technology for the manufacturing of FPN was transferred to us in 2022, and we expect to manufacture FPN in our own manufacturing site after obtaining manufacturing approval from the NMPA. The ICS nebulizer market is an important segment in the ICS-related inhalant market in China. Other than FPN, there are only two types of ICS nebulizers currently marketed in China, namely budesonide nebulizer and beclomethasone nebulizer. Compared to these two ICS nebulizers, FPN is clinically proven to be more effective and long-lasting, according to the Frost & Sullivan Report.

Cardiovascular Disease

Vascepa (Icosapent Ethyl)

Icosapent ethyl ("IPE") is a single-molecule product consisting of the omega-3 acid commonly known as EPA in ethyl-ester form (ethyl-EPA) and is the first and only drug approved by the FDA as an adjunct to maximally tolerated statin therapy for reducing persistent CV risk in targeted high-risk patients, according to the Frost & Sullivan Report. CVD was China's third largest therapeutic area in 2022 with huge unmet medical needs. CVD is one of the most prevalent diseases in China. According to the Frost & Sullivan Report, there were approximately 330 million CVD patients in China in 2022, including more than 13.0 million cerebral stroke patients and more than 11.4 million coronary heart disease patients. Vascepa received its new drug approval from the FDA in 2012 and was launched in the U.S. in 2013, initially for use as an adjunct to diet to reduce TG. Moreover, Vascepa was approved by the FDA for a cardiovascular risk reduction ("CRR") indication in 2019 as an adjunctive therapy to reduce the risk of cardiovascular events among adults with elevated TG levels (≥150 mg/dL). We in-licensed Vascepa from Amarin in 2015 for development and commercialization. In May 2023, Vascepa received NDA approval from the NMPA for the treatment of severe HTG levels (≥500 mg/dL). We also plan to explore the clinical use of Vascepa for the treatment of persistent CRR.

Other Therapeutic Areas

Mulpleta (Lusutrombopag)

Lusutrombopag is an innovative thrombopoietin receptor agonist ("TPO-RA") with the potential to disrupt the treatment of thrombocytopenia ("TCP"). TCP is characterized by abnormally low platelet count in blood, occurring in a variety of conditions, including chronic liver disease ("CLD") and chemotherapy. Both CLD-associated TCP treatment and CIT treatment markets have unmet medical needs. Lusutrombopag has demonstrated superior safety profile and proven efficacy profiles compared to current standard of care for the CLD-associated TCP treatment and CIT treatment, according to the Frost & Sullivan Report. We in-licensed Mulpleta in 2019 from Shionogi for development and commercialization. We have completed the Phase III clinical trial in China for Mulpleta for the treatment of TCP in patients with CLD that are scheduled to undergo invasive procedures in China, and we submitted NDA to the NMPA in November 2021, which the NMPA has accepted for review. In December 2022, the CDE began the second-round technical review, and we expect to obtain approval in the third quarter of 2023. We plan to explore the indication expansion of Mulpleta to CIT. We are in the preliminary stage of formulating a clinical development plan, and expect to obtain NDA approval for CIT indication expansion by the end of 2026.

EDP 125 (Edivoxetine)

EDP 125 is an innovative selective norepinephrine reuptake inhibitor ("SNRI") used to treat ADHD. ADHD is significantly underdiagnosed and undertreated in China. There are only three major drugs that have been approved by NMPA for the treatment of ADHD, namely, methylphenidate, atomoxetine and extended-release clonidine. According to the Frost & Sullivan Report, compared with stimulants, SNRIs have a longer duration of action and fewer adverse effects. Patients using SNRIs are less likely to face drug addiction issues than using CNS stimulants. As of the Latest Practicable Date, EDP 125 is the only SNRI candidate in Phase III clinical trial or later stages in China. We completed the Phase III clinical trial in China for EDP 125 indicated for the treatment of ADHD in children and adolescents in January 2023 and plan to submit NDA to the NMPA in the second half of 2023.

Other Products

In addition, we have three non-core commercialized products, including Zinacef, Fortum and Recormon. We are not the MAH but hold exclusive marketing and/or distribution rights granted by MNCs for these products. The exclusive marketing and distribution agreements for Fortum and Zinacef will expire in December 2023. The business model of serving as the exclusive marketer and/or distributor for MNCs is not our strategic focus; rather, it helps us to fully utilize our commercialization capabilities as an additional revenue source. As of the Latest Practicable Date, we had three other pipeline products, namely ERC 301, ERC 302 and EOC 103. ERC 301 and ERC 302 are generic versions of two ICS/LABA combination DPI drugs that are used for the treatment of asthma and COPD. EOC 103 is a novel, potent, orally bioavailable histone deacetylase ("HDAC") inhibitor indicated for the treatment of HR+/HER2- breast cancer. For details, see "Business—Our Product Portfolio."

OUR OPERATING PERFORMANCE

During the Track Record Period, our revenue was RMB1,767.8 million, RMB2,073.4 million and RMB2,073.8 million for the years ended December 31, 2020, 2021 and 2022, respectively. Our revenue is stated on a net basis, i.e. gross revenue net of sales rebates and sales tax.

We primarily generated revenue from our core commercialized products. We present revenue by product in this document on a gross basis, which is a non-HKFRS measure calculated based on revenue before deduction of sales rebates and sales tax, as such items are not allocated to each product. The following table sets forth the breakdown of our gross revenue by product for the periods indicated, and a reconciliation of gross revenue to net revenue:

	For the year ended December 31,					
	2020		2021		2022	
	RMB'000 (except percentages)					
Core commercialized products						
Vancocin	1,018,885	57.7%	1,009,182	48.7%	1,007,082	48.7%
Ceclor	477,446	27.0%	690,564	33.3%	759,313	36.6%
FPN	91,762	5.2%	99,922	4.8%	195,336	9.4%
Subtotal of core Commercialized products	1,588,093	89.9%	1,799,668	86.8%	1,961,731	94.7%
Core pipeline products						
Vascepa	–	–	8,466	0.4%	16,599	0.8%
Other commercialized products[(1)]	141,978	8.0%	337,391	16.3%	205,893	9.9%
Discontinued products[(2)]	108,236	6.1%	42,223	2.0%	2,901	0.1%
Gross revenue	1,838,307	104.0%	2,187,748	105.5%	2,187,124	105.5%
Less:						
Sales rebates	(68,375)	(3.9)%	(107,957)	(5.2)%	(104,792)	(5.1)%
Sales tax	(2,168)	(0.1)%	(6,395)	(0.3)%	(8,578)	(0.4)%
Revenue	1,767,764	100.0%	2,073,396	100.0%	2,073,754	100.0%

(1) Represents Zinacef, Fortum and Recormon.

(2) Represents products that we have discontinued or decided to discontinue as of December 31, 2022, such as Tykerb and Lipofundin.

Gross revenue from our core commercialized products amounted to RMB1,588.1 million, RMB1,799.7 million and RMB1,961.7 million for the years ended December 31, 2020, 2021 and 2022, respectively, accounting for 86.4%, 82.3% and 89.7% of our total gross revenue for the same respective periods.

Our gross profit amounted to RMB1,063.3 million, RMB1,278.0 million and RMB1,368.4 million for the years ended December 31, 2020, 2021 and 2022, respectively. Our gross profit margin was 60.1%, 61.6% and 66.0% for the same periods, respectively. Similar to revenue by product, we present gross profit and gross profit margin by product in this document on a gross basis, which are non-HKFRS measures calculated based on revenue before deduction of sales rebates and sales tax. The following table sets forth our gross profit and gross profit margin by products for the periods indicated, and a reconciliation of gross profit and gross profit margin from a gross basis to a net basis:

	For the year ended December 31,					
	2020		2021		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000 (except percentages)					
Core commercialized products						
Vancocin	666,946	65.5%	676,669	67.1%	665,814	66.1%
Ceclor	277,213	58.1%	447,203	64.8%	530,208	69.8%
FPN	52,647	57.4%	57,281	57.4%	137,263	70.3%
Other products	137,046	NM*	211,184	NM*	148,519	NM*
Less:						
Sales rebates	(68,375)	N/A	(107,957)	N/A	(104,792)	N/A
Sales tax	(2,168)	N/A	(6,395)	N/A	(8,578)	N/A
Total gross profit/Overall gross profit margin	1,063,309	60.1%	1,277,985	61.6%	1,368,434	66.0%

* *Notes:* Not meaningful.

RESEARCH AND DEVELOPMENT

We are committed to building an integrated drug research and development platform which focuses primarily on our three core therapeutic areas. Our research and development department, which consists of a clinical operation team, a medical team, and a drug registration team, has a full range of capabilities and experience for drug identification, pre-clinical research, and clinical trials.

In addition, we work closely with leading MNCs and biotechnology companies to jointly research, develop and commercialize our in-licensed products. In addition to our internal research and development efforts, we cooperate with CROs for clinical trials of Vascepa, Mulpleta and EDP 125. For details, see "Business—Research and Development."

QUALITY MANAGEMENT, MANUFACTURING AND INTERNATIONAL SUPPLY CHAIN MANAGEMENT

In connection with our acquisition for Vancocin and Ceclor in October 2019 and for FPN in May 2020, we obtained extensive know-how for quality management, manufacturing and supply chain management. We also acquired from Eli Lilly an advanced Ceclor manufacturing facility located in Suzhou. We manage the international supply chain from end-to-end, in which we work with multiple CMOs and suppliers located in Europe, the U.S., Australia and China.

"6Ms" Quality Management Systems. We have established proprietary and robust quality management systems that meet global standards developed by leading MNCs and biotechnology companies. We consistently improve and optimize our quality management systems by leveraging our accumulated industry know-how. Our quality management system is comprised of six major respects, or "6Ms" (Manpower, Method, Machine, Material, Milieu and Measurement), that cover all aspects of our manufacturing and supply chain management functions.

Manufacturing. We currently manufacture seven products in three dosage forms for Ceclor in our Suzhou Ceclor manufacturing facility. Our Ceclor manufacturing facility is equipped with state-of-the-art equipment, modules and production lines throughout our manufacturing processes, which were imported from globally leading companies from Sweden, Germany and Italy. Our advanced equipment and production lines are critical not only for ensuring quality consistency, stability, safety and efficacy, but also for providing high-standard, safe and environmentally-friendly working conditions.

International Supply Chain Management. We manage the international supply chain for Vancocin, Ceclor and FPN. After our acquisition of Vancocin and Ceclor, we retained the original CMO located in Italy for API and suppliers located in China for excipients and packaging materials. We also retained a number of original CMOs suppliers located in Europe and the U.S. for Vancocin. In connection with our acquisition of FPN, we engaged GSK's manufacturing facility located in Australia as the sole CMO for finished products of FPN and we plan to manufacture FPN in our own manufacturing facility after obtaining manufacturing approval from the NMPA.

SALES, MARKETING AND DISTRIBUTION

Leveraging our rich collaboration experience with MNCs and biotechnology companies, we have built a sales team with broad coverage in various therapeutic areas and geographic markets. As of December 31, 2022, we had a total of approximately 776 sales representatives spanning across 30 provinces in China and covering more than 16,000 hospitals, including approximately 2,100 class III and 2,400 class II hospitals. Our products covered more than 13,000 pharmacies across China. For details, see "Business—Sales and Marketing."

The drugs we distribute consist of domestically manufactured drugs, including Ceclor, and imported drugs which are manufactured overseas, including Vancocin, FPN, Zinacef, Fortum, and Recormon. We distribute Ceclor, Zinacef and Recormon directly to regional distributors. Additionally, we have an importer for Vancocin and FPN who resells the products to regional distributors, because Vancocin and FPN are sold broadly across China geographically and our distribution network of regional distributors for imported drugs is not able to fully cover the relevant sales areas. Regional distributors provide end-to-end delivery of our products to hospitals and pharmacies. For details, see "Business—Sales and Marketing—Sales and Distributorship."

PRICING

A substantial portion of the products we sell to our distributors are then on-sold to public medical institutions in China. Public medical institutions at all levels are required to procure substantially all of drugs that are covered by the National Essential Drug List or are generally used for common clinical needs through centralized tender processes. These drugs are sold to public medical institutions at the successful bid prices in the centralized tender process. Most of our commercialized products, as originator-branded products, were classified into a higher quality class than competing generics in price bidding in certain provinces during the Track Record Period, and therefore do not compete directly with generics in terms of pricing. For details, see "Business—Pricing."

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers were mainly distributors. To a lesser extent, our customers also included a limited number of MNCs for which we provided promotion services in 2020 and 2021. Revenue generated from our five largest customers accounted for approximately 73.1%, 61.3% and 65.6% of our total revenue for each of the years ended December 31, 2020, 2021 and 2022, respectively. Revenue generated from our largest customer for the years ended December 31, 2020, 2021 and 2022, respectively, accounted for approximately 55.1%, 54.5% and 57.7% of our total revenue for the respective period. Our five largest customers during the Track Record Period primarily comprise our importers and regional distributors. For details, see "Business—Customers."

During the Track Record Period, our suppliers primarily consisted of (i) MNCs, who granted us exclusive marketing and distribution rights in China for drugs, (ii) CMOs, who provide third-party contracting services for manufacturing our products, (iii) licensors from which we obtained intellectual property rights in respect of our in-licensed drug candidates, and (iv) CROs, who provide third-party contracting services for research and development. We select our suppliers by considering their product quality, industry reputation and compliance with relevant regulations and industry standards. Our purchases from our five largest suppliers accounted for approximately 77.7%, 74.1% and 72.4% of our total purchases for the years ended December 31, 2020, 2021 and 2022, respectively. Our purchases from our largest supplier accounted for approximately 25.3%, 25.3% and 25.1% of our total purchases for the years ended December 31, 2020, 2021 and 2022, respectively. For details, see "Business—Suppliers."

OUR CONTROLLING SHAREHOLDERS

Immediately prior to the [**REDACTED**], Mr. Ni, through Suremoment Investments, Chinapharm Holding, Talent Creation and Chinapharm Group, was entitled to exercise the voting rights attaching to approximately 45.19% of the total issued share capital of our Company. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account of any Share to be issued upon the exercise of the options under the 2020 Share Option Scheme), Mr. Ni will be entitled to exercise the voting rights attaching to approximately [**REDACTED**]% of the total issued share capital of our Company. As (i) Suremoment Investments and Chinapharm Holding are wholly owned by Mr. Ni and (ii) Mr. Ni acts as the sole director of Talent Creation and Chinapharm Group, each of Mr. Ni, Suremoment Investments, Chinapharm Holding, Talent Creation and Chinapharm Group will continue to be our Controlling Shareholder upon the [**REDACTED**].

PRE-[REDACTED] INVESTMENTS

Our Group underwent several rounds of Pre-[**REDACTED**] Investments since our establishment. Our major Pre-[**REDACTED**] Investors include top-tier global and Chinese institutional investors and healthcare-focused investment funds. For details of our Pre-[**REDACTED**] Investments, please see "History, Development and Corporate Structure—Major Shareholding Changes of Our Group."

CONNECTED TRANSACTION

Our Group has entered into and will continue to engage in certain transaction with Taizhou EOC, a connected person of our Company. For details, see "Connected Transaction."

SUMMARY OF KEY FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

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

	Year ended December 31,		
	2020	2021	2022
		RMB'000	
Revenue	1,767,764	2,073,396	2,073,754
Cost of sales	(704,455)	(795,411)	(705,320)
Gross profit	1,063,309	1,277,985	1,368,434
Profit before tax	106,984	173,433	325,278
Income tax expense	(20,045)	(16,441)	(18,933)
Profit for the year	86,939	156,992	306,345
Total comprehensive (loss)/income for the year	(53,532)	115,104	409,282

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2020	2021	2022
		RMB'000	
Total non-current assets	3,417,510	3,379,355	3,581,791
Total current assets	1,892,952	1,564,733	1,479,689
Total current liabilities	1,871,426	2,240,521	2,410,044
Net current assets/(liabilities)	21,526	(675,788)	(930,355)
Total assets less current liabilities	3,439,036	2,703,567	2,651,436
Total non-current liabilities	2,004,438	1,093,347	738,929
Total equity	1,434,598	1,610,220	1,912,507

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated:

	For the year ended December 31,		
	2020	2021	2022
		RMB'000	
Operating cash flows before movements in working capital	535,513	669,333	745,136
Changes in working capital	(1,283,660)	698,849	221,211
Cash generated from/(used in) operations	(748,147)	1,368,182	966,347
Tax paid	(3,669)	(6,044)	(21,534)
Net cash flows (used in)/from operating activities	(751,816)	1,362,138	944,813
Net cash flows used in investing activities	(607,288)	(130,435)	(269,560)
Net cash flows from/(used in) financing activities	888,596	(826,621)	(731,608)
Net (decrease)/increase in cash and cash equivalents	(470,508)	405,082	(56,355)
Cash and cash equivalents at beginning of year	662,002	177,036	577,076
Effect of foreign exchange rate changes, net	(14,458)	(5,042)	16,914
Cash and cash equivalents at end of year	**177,036**	**577,076**	**537,635**

Key Financial Ratios

The following table set forth our key financial ratios[(1)] as of the dates or for the periods indicated:

	As of or for the year ended December 31,		
	2020	2021	2022
Gross profit margin	60.1%	61.6%	66.0%
Net profit margin	4.9%	7.6%	14.8%
Return on average equity	6.3%	10.3%	17.4%
Return on average asset	1.7%	3.1%	6.1%
Current ratio	1.01	0.70	0.61
Quick ratio	0.79	0.53	0.46
Debt to equity ratio	2.07	1.55	1.24

(1) See "Financial Information—Key Financial Ratios" for calculation methods and more information of these ratios.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million, after deducting [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range stated in this document.

We intend to apply these [**REDACTED**] for the following purposes, in accordance with terms of our facility agreements and subject to our further negotiations with the relevant lenders: (i) approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**] million for the partial repayment of our outstanding bank loans, (ii) approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**] million, for the expansion and upgrade of our manufacturing facilities of FPN; and (iii) approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**] million, for working capital and general corporate purposes. See "Future Plans and Use of [**REDACTED**]" for details.

[REDACTED] STATISTICS

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

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

	Based on the [REDACTED] of HK$[REDACTED] per Share	**Based on the [REDACTED] of HK$[REDACTED] per Share**
[**REDACTED**] of our Shares[(1)]	[**REDACTED**]	[**REDACTED**]
[**REDACTED**] attributable to equity shareholders of the Company per Share[(2)]	[**REDACTED**]	[**REDACTED**]

Notes:

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

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

(2) The [**REDACTED**] attributable to equity shareholders of the Company per Share is calculated after making the adjustments referred to "Appendix II – Unaudited Pro Forma Financial Information."

DIVIDENDS

In August 2022, a dividend of US$10 million was declared by the Company. In February 2023, another dividend of US$10 million was declared by the Company. [As of the Latest Practicable Date, US$8.4 million of the first dividend had been paid and US$4.6 million of the second dividend had been paid.] We plan to fully settle the two dividends before [**REDACTED**]. As advised by our Cayman Islands counsel, under the Companies Act and the Memorandum and Articles, we may declare and pay a dividend out of either profits or share premium account, provided always that in no circumstances may a dividend be declared or paid out of share premium account if such payment would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. The Company in general meeting may from time to time declare any dividends to be paid to Shareholders. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, the Companies Act and any contractual restrictions on the payment of dividends. Other than as disclosed herein, we do not have any dividend policy or intention to declare or pay any dividends in the near future.

[**REDACTED**] EXPENSES

Our [**REDACTED**] expenses mainly include (i) [**REDACTED**]-related expenses, such as [**REDACTED**], and (ii) non-[**REDACTED**]-related expenses, comprising professional fees paid to our legal advisers and reporting accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the total [**REDACTED**] expenses to be borne by us are estimated to be approximately RMB[**REDACTED**] million, equivalent to [**REDACTED**]% of our [**REDACTED**] from the [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range stated in this document, and without exercise of the [**REDACTED**]). Among such estimated total [**REDACTED**] expenses, we expect to pay [**REDACTED**]-related expenses of RMB[**REDACTED**] million and non-[**REDACTED**]-related expenses of RMB[**REDACTED**] million. We recognized [**REDACTED**] expenses of RMB[**REDACTED**] million (including RMB[**REDACTED**] million that was charged to our consolidated statements of profit or loss and other comprehensive income) in 2022. Of the remaining estimated [**REDACTED**] expenses, approximately RMB[**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss and other comprehensive income, and approximately RMB[**REDACTED**] million is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such [**REDACTED**] expenses to have a material adverse impact on our results of operations for the year ending December 31, 2023.

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 [**REDACTED**] in the [**REDACTED**]. Some of the major risks that we face include: (i) we are largely dependent on sales of a limited number of commercialized products. If we are unable to maintain the sales volume, pricing levels and profit margins for these commercialized products, our profitability could be adversely affected; (ii) our commercialized products or pipeline products, once approved, may be subject to price adjustments, competition or the centralized tender process, and therefore their prices may decrease, which could materially and adversely affect our financial condition and results of operations; (iii) failure to attain, maintain or expand market acceptance for our products in China's medical community would have an adverse impact on our operations, profitability and future prospects; (iv) we are exposed to concentration risk of reliance on our major distributors, who are our customers; (v) we rely on certain third-party CMOs and suppliers for our products, as a result, our business could be harmed if those third parties fail to provide us with sufficient quantities of products or fail to do so at acceptable quality levels, lead time or prices; (vi) if we suffer substantial disruption to any of our manufacturing facilities, or encounter problems in manufacturing our products, our business and results of operations could be adversely affected; (vii) if we are unable to successfully complete clinical development and obtain regulatory approvals for our pipeline products, or if we experience significant delays in doing so, we may fail to advance our pipeline products and our business will be materially harmed; (viii) the pharmaceutical industry in China is highly regulated. Compliance with relevant laws, rules, government regulations or industry practices, including the healthcare reform in China, and their changes, may result in additional costs; and (ix) our rights to develop and commercialize our in-licensed pipeline products are subject, in part, to the terms and conditions of licenses granted to us by our licensors.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Developments of Our Business

From January to May 2023, we obtained certain interest-bearing bank and other borrowings with a total amount of RMB565 million. In February 2023, we refinanced the outstanding portion of a US$220 million senior loan with a senior term loan of US$110 million plus HK$120 million (with a total credit facility of US$150 million) led by Bank of China Limited, Macau Branch and Bank of China Limited, Suzhou Industrial Park Branch. See "Financial Information—Indebtedness" for details.

In February 2023, we fully redeemed the redeemable ordinary shares held by Abax Asian Structured Credit Fund, II, LP at total consideration of US$10.0 million. See "History, Development and Corporate Structure—Major Shareholding Changes of Our Group—ABAX Share Repurchase" for details. In the same month, we declared a special dividend of US$10 million on a *pro rata* basis. [As of the Latest Practicable Date, we partially paid this dividend.] See "Financial Information—Dividends" for details.

In March and April 2023, we provided an aggregate of US$30.45 million in loans to Mr. Ni, which is expected to be repaid immediately prior to the [**REDACTED**]. See "Relationship with Controlling Shareholders—Independence from Controlling shareholders—Financial Independence" for details.

In May 2023, we entered into a sublicense agreement with respect to EOC 103 with Taizhou EOC, who was granted by Syndax Pharmaceuticals, Inc. an exclusive sublicense in China to carry out the development, regulatory approval, commercialization, and manufacturing activities with respect to EOC 103. As of the Latest Practicable Date, our sublicense agreement was subject to approval of the original licensor (who is an independent third party). See "Business—Acquisition and In-licensing Arrangements—In-licensing Arrangements—EOC 103 (Entinostat)" for details.

In February 2023, we resolved to repurchase 21,743,984 ordinary Shares held by Suremoment Investments at a total consideration of US$24,701,166.18. The consideration was offset by the loans payable by Mr. Ni (including entities controlled by him) to the Group. On February 7, 2023, we resolved to repurchase 8,802,817 Series E ordinary shares held by certain Series E investors in an aggregate repurchase price of US$10,000,000. The considerations were settled on June 9, 2023. See "History, Development and Corporate Structure—Major Shareholding Changes of Our Group—Series E Share Repurchase" for details.

Our Directors confirm that, except as disclosed in this subsection, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2022 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since December 31, 2022 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report set out in "Appendix I" to this document.

Recent Development on Rules Relating to Overseas Offering and Listing

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Overseas Listing Trial Measures") and five supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities. According to the Overseas Listing Trial Measures, PRC domestic enterprises that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedures with the CSRC and submit filing reports, legal opinions and other relevant documents. For more details, please refer to "Regulations—Regulations in Relation to Overseas Listing—CSRC Filing Requirements for Overseas Offering and Listing".

As advised by our PRC Legal Advisers, the [**REDACTED**] shall be deemed as an indirect overseas [**REDACTED**] and [**REDACTED**] under the Overseas Listing Trial Measures. Therefore, we are required to make the filing with the CSRC with respect to the [**REDACTED**] within the specific time limit. We will also perform the reporting obligations to the CSRC in the event of occurrence of material events after the [**REDACTED**] as required. For more details, please refer to "Risk Factors—Risks Relating to Conducting Business in the PRC—We may be subject to the approval or other requirements of the CSRC or other PRC government authorities in connection with future capital raising activities".