Immunotech Biopharm Ltd
永泰生物製藥有限公司
(6978.HK)

Business Overview

Immunotech Biopharm Ltd ("The Company") is a leading cellular immunotherapy biopharmaceutical company in China focusing on the research, development, and commercialization of T cell immunotherapy for over 13 years. According to the Frost & Sullivan Report, EAL® — their Core Product Candidate — is the first cellular immunotherapy product in China approved for entry into a Phase II clinical trial, and, as at the Latest Practicable Date, the only that had been approved for application in a Phase II clinical trial for solid tumour treatment.

The Company's product pipeline features major classes of cellular immunotherapy products, including both non-genetically-modified and genetically-modified products, as well as both multi-target and single-target products. Other than EAL®, their main product candidates include the CAR-T cell series and the TCR-T cell series. The Company has established technology platforms necessary for the R&D of cellular immunotherapy products, including a serum-free cell culture and expansion technology platform, a gene modification and transduction technology platform, a technology platform for in vitro expansion of antigen-specific T cells, and a production and purification technology platform for plasmids and viral vectors. In addition, the Company has in place an organizational and management platform for clinical trials, a cell transportation and logistics platform, and a GMP-compliant production quality management platform appropriate for cellular immunotherapy products.

Basic Information

Offer Price

HK$10.50-HK$11.00

Offer Size

100,000,000 Shares, comprise of Public Offer 10,000,000 Shares and International Offer 90,000,000 Shares (subject to reallocation and Over-allotment Option)

Market Capitalization

$5,250 million to $5,500 million

Application Period

29 June 2020 – 3 July 2020, Noon

Listing Date

10 July 2020

Board Lot

1000 shares

Major Shareholders

Evodevo	26.99%
Tan Xiao Yang Ltd	9.22%
Zhang Jun Zheng Ltd	8.34%
Poly Platinum	6.69%
Bei Ni Ltd	6.13%

Joint Sponsors

CCB International, Guosen Securities (HK)

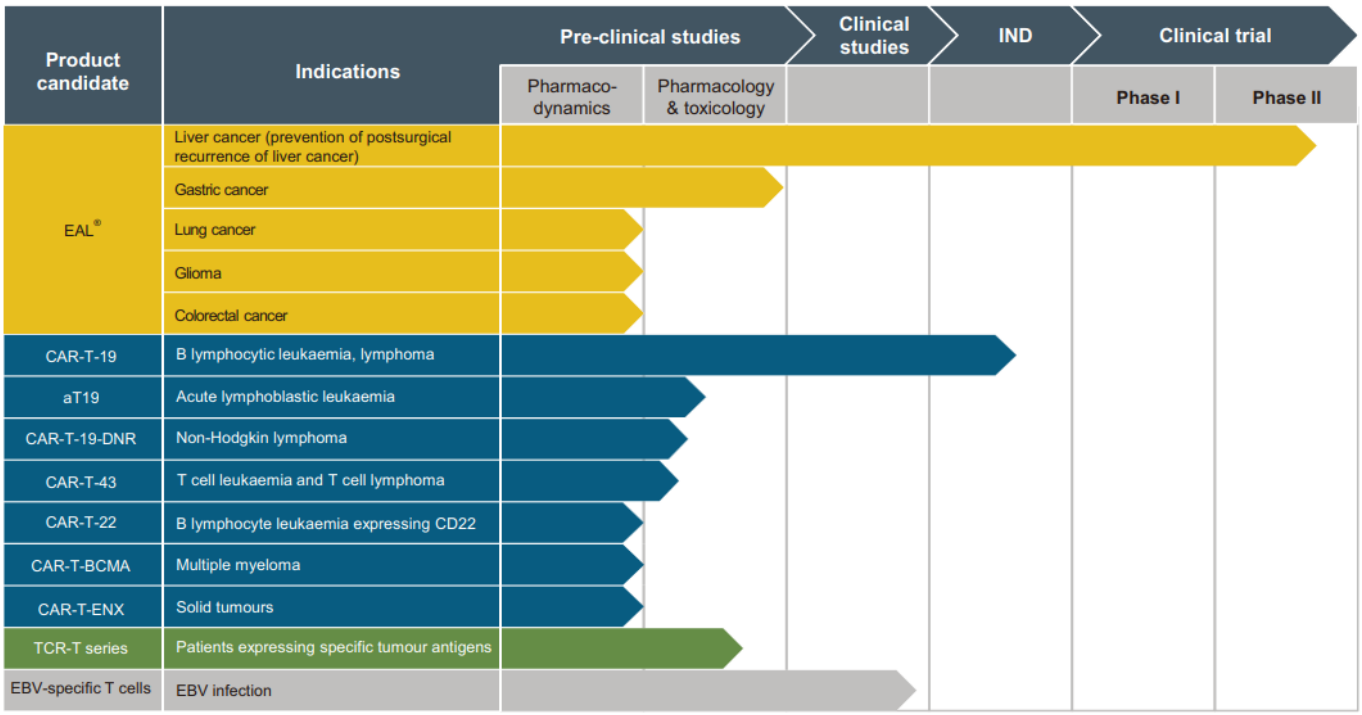
Joint Bookrunners

ABC International, BOCOM International, CMS, CMBC Securities, Essence International, ICBC, Shenwan Hongyuan, Zhongrong PT Securities, Zhongtai International

EAL® is a multi-target cellular immunotherapy product with more than a decade of track record of clinical application in the treatment of cancer. It is a preparation of activated and expanded T cells originally taken from a patient's autologous peripheral blood and cultured using their patented methods. The main active component of the product is CD8+ cytotoxic T cells, whose surface marker is the CD3 molecule.

EAL® aims to overcome the immunosuppressive mechanisms in the tumour microenvironment through activating and expanding a patient's CD8+ cytotoxic T cells in vitro. T cells from the patient's peripheral blood are activated using anti-CD3 antibodies which can mimic antigens and activate T cells with tumour-killing effect. Such activated T cells are then expanded about 1,000-fold before infusing into the patient's body, thereby significantly increasing the number of effector T cells. The cell culture methods for EAL® may also achieve selective expansion of tumour antigen-specific T cells, resulting in a higher proportion of activated antitumour T cells among all T cells in the patient's body.

EAL® is undergoing Phase II clinical trial with the postsurgical recurrence of liver cancer selected as the clinical indication. Based on their communications with the CDE, the Company may apply for marketing approval for EAL® indicated for the prevention of postsurgical recurrence of liver cancer using the interim results of the ongoing clinical trial or the final results at the end of the clinical trial if such results are statistically significant. The Company may further communicate with the CDE to facilitate the assessment after obtaining clinical trial results that support the efficacy of EAL®.



Financial Highlights

Summary Consolidated Statements of Profit or Loss and Other Comprehensive Expenses For the year ended Dec 31	2018 RMB'000	2019
Other income	5,218.0	2,888.0
Other gains and losses, net	8,076.0	6,316.0
Fair value gain of convertible redeemable preference shares	0.0	3,825.0
Business development expenses	(1,119.0)	(569.0)
Administrative expenses	(11,666.0)	(27,760.0)
R&D expenses	(31,172.0)	(61,975.0)
Finance costs	(1,135.0)	(2,070.0)
Listing expenses	(2,746.0)	(22,283.0)
Other expenses	(344.0)	(7,426.0)
Income tax expense	0.0	0.0
Loss and total comprehensive expenses for the year	(34,888.0)	(109,054.0)

Use of Proceed

The company estimates that it will receive net proceeds of approximately HK$1,000.2 million after deducting the underwriting fees and expenses payable by them in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$10.75 per Offer Share.

- approximately 34.2%, or HK$341.9 million, will be used for investing in the ongoing clinical trial and commercialization of EAL®;
- approximately 18.9%, or HK$188.8 million, will be used for expanding the clinical indications (excluding liver cancer) for EAL®, including R&D expenditure and the construction costs of new R&D centers for continuing technological innovation in respect of EAL®;
- approximately 33.2%, or HK$332.1 million, will be used for investing in the clinical trial for CAR-T-19 and TCR-T series product candidates, including primarily R&D expenditure;
- approximately 8.7%, or HK$87.4 million, will be used for investing in the development of other product candidates in their product pipeline including R&D expenditure and the construction costs of new R&D and production centers;
- approximately 5%, or HK$50 million, will be used for working capital and other general corporate purposes;

Cornerstone Investors

The following tables set forth details of the cornerstone placing and approximate percentage of total number of offer shares and percentage of total issued share capital of the company upon listing, based on different offer price scenarios.

Based on offer price of HK$11				
Cornerstone Investor	Investment Amount USD	No. of share to be subscribed	Approx. % of the total offer shares	Approx. % of the total issued share after IPO
Poly Platinum	20,000,000	14,091,000	14.09%	2.82%
Tasly	10,000,000	6,974,000	6.97%	1.39%
China Lesso Group Holdings Limited	5,000,000	3,522,000	3.52%	0.70%
Mr. Ji Hongchang	5,000,000	3,522,000	3.52%	0.70%
Total	40,000,000	28,109,000	28.10%	5.61%

Based on offer price of HK$10.75				
Cornerstone Investor	Investment Amount	No. of share to be subscribed	Approx. % of the total offer shares	Approx. % of the total issued share after IPO
Poly Platinum	20,000,000	14,419,000	14.42%	2.88%
Tasly	10,000,000	7,137,000	7.14%	1.43%
China Lesso Group Holdings Limited	5,000,000	3,604,000	3.60%	0.72%
Mr. Ji Hongchang	5,000,000	3,522,000	3.52%	0.70%
Total	40,000,000	28,682,000	28.68%	5.73%

Based on offer price of HK$10.50				
Cornerstone Investor	Investment Amount	No. of share to be subscribed	Approx. % of the total offer shares	Approx. % of the total issued share after IPO
Poly Platinum	20,000,000	14,762,000	14.76%	2.95%
Tasly	10,000,000	7,306,000	7.31%	1.46%
China Lesso Group Holdings Limited	5,000,000	3,690,000	3.69%	0.74%
Mr. Ji Hongchang	5,000,000	3,522,000	3.52%	0.70%
Total	40,000,000	29,280,000	29.28%	5.85%

Risks Factors

Risks Relating to Business and Industry

- The Company may not be able to identify, discover, or in-license new product candidates and investors may lose all of their investment in the Company as a result.
- The Company may not achieve successful and timely development and regulatory approval of their product candidates, all of which are in pre-clinical or clinical development.

- The Company incurred net losses and did not generate any revenue from the sale of their product candidates during the Track Record Period, and there is no assurance that the Company will become and remain profitable in the future.

Risks Relating to the Intellectual Property Rights

- The Company may fail to obtain and maintain patent protection for their product candidates through intellectual property rights.
- Their patents could be found invalid or unenforceable if challenged in court.
- The Company may not be able to enforce their intellectual property rights or prevent unfair competition by third parties.

Risks Relating to Operations

- The Company is subject to the risks of doing business globally.
- The Company may experience difficulties in managing their growth.
- Their non-compliance with certain laws and regulations regarding certain employee social welfare schemes in the PRC could lead to the imposition of fines and penalties.
- If the Company engages in acquisitions or strategic partnerships, this may increase our capital requirements, dilute their shareholders, cause the Company to incur debt or assume contingent liabilities, and subject the Company to other risks.

Risk Disclaimer