Kintor Pharmaceutical (9939 HK)

Proxalutamide may become an effective treatment for COVID-19

- **First patient dosed in a pivotal phase 3 trial for COVID-19 outpatients in the US.** Kintor obtained the IND approval for proxalutamide treating COVID-19 outpatients from the US FDA in Mar 2021. The first patient dosing was completed on 25 Apr 2021. This is a pivotal phase 3, randomized, double-blind, placebo-controlled, multi-regional pivotal trial, which is designed to evaluate the efficacy and safety of proxalutamide in male outpatients with mild or moderate COVID-19 symptoms, while the primary endpoint is hospitalization rate by Day 28. We expect this trial to have interim data readout in 3Q21E. Furthermore, we expect Kintor to initiate another global registrational phase III trial for hospitalized COVID-19 patients soon.
- **Proxalutamide might be a better choice for COVID-19.** To date, several therapies have been approved or granted EUA by the US FDA, including neutralizing mAbs, remdesivir, baricitinib + remdesivir, etc. For mild-to-moderate COVID-19 patients, cocktail neutralizing antibodies, such as bamlanivimab + etesevimab and casirivimab + imdevimab, can reduce the risk of hospitalization by 85% and 50%, respectively. In contrast, according to the IIT results, proxalutamide reduced the hospitalization risk by 100% (0% vs 27.3%) in male patients and 90% (1.7% vs 17.1%) in female patients, respectively. For hospitalized patients, remdesivir can reduce the hospital stay length by 5 days compared to placebo (10 days vs 15 days). Compared with remdesivir alone, remdesivir in combination with baricitinib can reduce the morality risk by 34% (4.7% vs 7.1%). In contrast, during the trial in Brazil, proxalutamide reduced the length of hospital stay by 9 days (5 days vs 14 days) and reduced mortality risk by 92% (3.7% vs 47.6%).
- **Proxalutamide may become a blockbuster if approved for COVID-19.** Existing COVID-19 treatments, such as neutralizing mAbs (bamlanivimab + etesevimab) and remdesivir, are priced at above US$2,000 per cycle. Given proxalutamide's potential superior efficacy, we think proxalutamide can charge similar prices as neutralizing antibodies or remdesivir, under conservative scenarios. We expect the manufacture capacity of proxalutamide to reach 50mn tablets per month by 4Q21E, indicating potential 600mn tablets of annual production capacity in 2022E. With such capacity, proxalutamide will be able to cover 14mn to 21mn COVID-19 patients in 2022E.
- **Maintain BUY**. Considering the positive progress of Proxalutamide in treating COVID-19, we expect it will be approved by the US FDA for COVID-19 treatment in 2022E. Given the large sales potential in the US, we raise our FY22E/23E revenue forecast by 958%/913%, and raise our TP to HK$92.08 based on 10-year DCF model (WACC: 9.7%, terminal growth rate: 3.0%). **Risks:** Clinical trial failure in proxalutamide for COVID-19; Delay in pipeline progress; Competition from peers.

Earnings Summary

(YE 31 Dec)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (RMB mn)	0	0	0	9,783	8,082
Attributable net profit (loss) (RMB mn)	(233)	(508)	(457)	5,664	4,839
R&D expenses	(214)	(329)	(400)	(600)	(400)
EPS (RMB)	N/A	(1.64)	(1.24)	15.33	13.10
Consensus EPS (RMB)	N/A	N/A	(1.46)	(0.22)	0.31
ROE (%)	(63)	(34)	(44)	84	42
ROA (%)	(42)	(27)	(33)	74	39
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Current ratio (x)	1.5	8.4	5.2	9.6	19.7

Source: Company data, Bloomberg, CMBIS estimates

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BUY (Maintain)

Target Price	**HK$92.08**
(Previous TP	HK$38.88)
Up/Downside	**+28.42%**
Current Price	**HK$71.70**

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Mkt. Cap. (HK$ mn)	26,485
Avg. 3mths t/o (HK$ mn)	114.42
52W High/Low (HK$)	82.00/7.20
Total Issued Shares (mn)	369

Source: Bloomberg

Shareholding Structure

Management	34.03%
Pre-IPO & corner stone investors	34.07%
Free float	31.90%

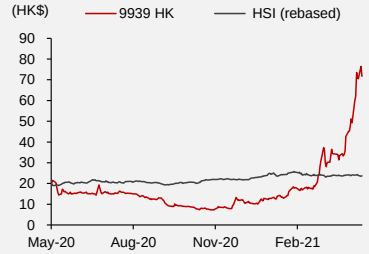
Source: HKEx, Bloomberg

Share performance

	Absolute	Relative
1-mth	122.1%	126.6%
3-mth	474.4%	493.7%
6-mth	940.9%	815.4%

Source: Bloomberg

12-mth price performance



Source: Bloomberg

Auditor: PWC
Web-site: www.kintor.com.cn

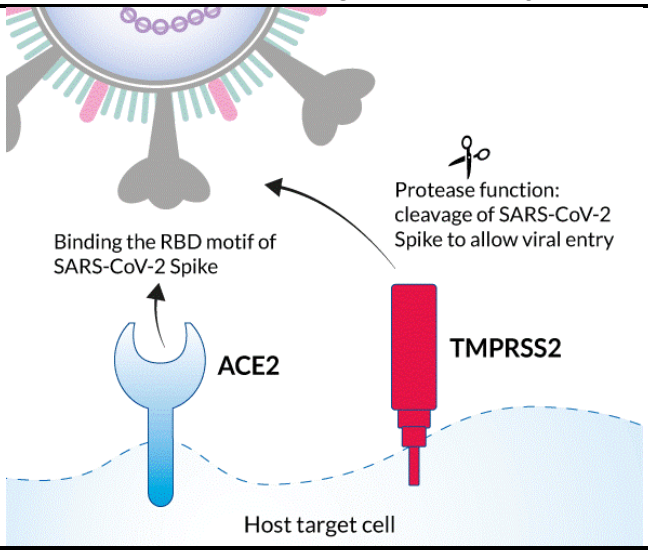
Related report:

1. Fast clinical progress for Proxalutamide and other core assets – 29 Mar 2021
2. Enrollment completed for proxalutamide for hospitalized COVID-19 patients in Brazil – 26 Feb 2021
3. Promising clinical data from Proxalutamide on COVID-19 and GT90001 (ALK-1) on 2L HCC – 14 Dec 2020

Proxalutamide showed clear MoA in treating COVID-19

SARS-CoV-2 uses the SARS-CoV receptor ACE2 for host cell entry through spike protein's binding to ACE2, while transmembrane protease serine 2 (TMPRSS2) is a serine protease that primes the spike protein facilitates its entry into the host cell (See Fig. 1). Thus, both ACE2 and TMPRSS2 are essential for COVID-19's entry into normal cell and subsequent replication cycle. Inhibition or down-regulation of either ACE2 or TMPRSS2 might achieve protection from SARS-CoV-2.

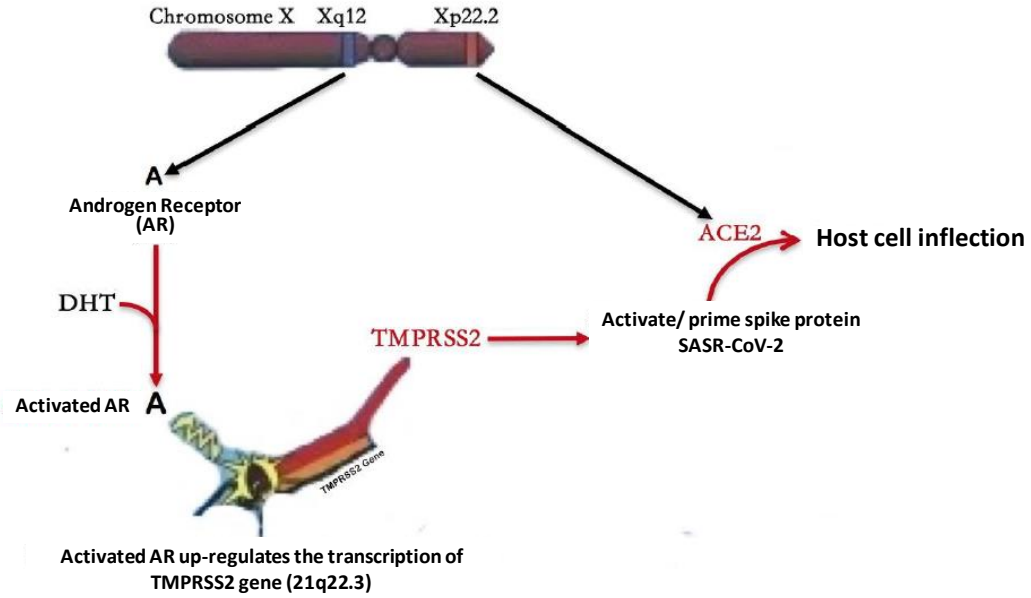
Figure 1: Function of ACE2 and TMPRSS2 during host cell entry of SAR-CoV-2



Source: InvivoGen, CMBIS

It was revealed that androgen-AR activation can induce the expression of ACE2 and TMPRSS2 under the androgen-dependent condition in cells. Targeting AR-ACE2/TMPRSS2 signal axis could originally inhibit the entry of the virus into host cells by transcriptionally down-regulating the expression of TMPRSS2 and ACE2. Thus, AR inhibitors, such as proxalutamide, have received growing attention as potential therapies for COVID-19. *(Preprint, SSRN, ID: ppcovidwho-1401).*

Figure 2: AR up-regulates the transcription of ACE2 and TMPRSS2 genes



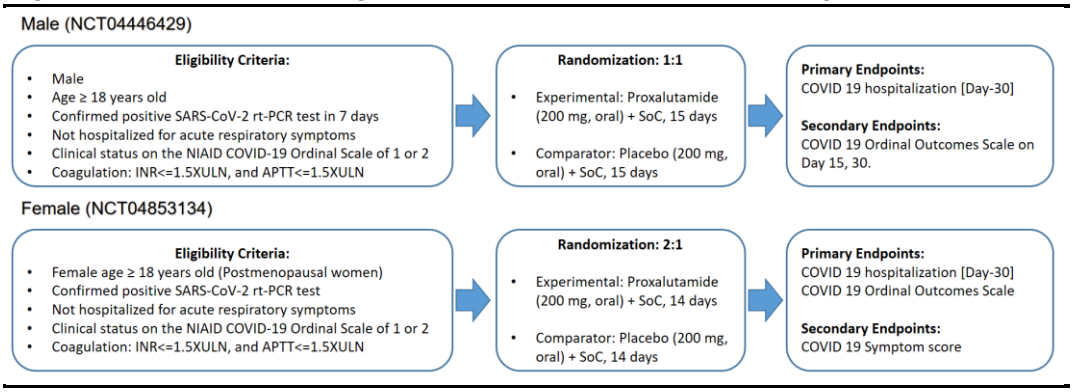
Source: Company data, CMBIS

Proxalutamide is under registrational trials in the US

In July 2020, Kintor achieved a clinical trial research agreement with Applied Biology, a US based biotech company, pursuant to which Kintor engages Applied Biology to conduct research for proxalutamide as a treatment for COVID-19 in Brazil. Thus, proxalutamide has been assessed in a few investigator-initiated trials (IIT) in Brazil for both mild-to-moderate COVID-19 patients and hospitalized COVID-19 patients.

For mild-to-moderate COVID-19 patients, two trials have been completed in Brazil, including one trial on male patients (NCT04446429) and another one on female patients (NCT04853134).

Figure 3: Clinical trials design for male and female COVID-19 outpatients in Brazil



Source: Company data, CMBIS

In Jan 2021, Kintor released the final results for male patients with mild-to-moderate COVID-19, which enrolled a total of 262 male patients (134 in proxalutamide arm vs 128 in control arm). The results showed that the hospitalization rate, percentages of ICU usage, mechanical ventilation usage and death within 30 days in the Proxalutamide arm were 0%, 0%, 0% and 0%, respectively, compared to 27.3%, 14.1%, 10.2% and 1.6% of which in the control arm, indicating that Proxalutamide could significantly inhibit the transition of condition of male patients infected with COVID-19 from mild to severe and had good safety for short-term administration (15 days).

In Jan 2021, Kintor also released the interim results for female patients with mild-to-moderate COVID-19 (60 in proxalutamide arm vs 35 patients in control arm), which showed that the hospitalization rate, percentages of ICU usage, mechanical ventilation usage and death in 30 days in the proxalutamide arm were 1.7%, 0%, 0% and 0%, respectively, compared to 17.1%, 8.6%, 5.7% and 2.9% of which in the control arm. Although the female patients have lower androgen and AR expression as compared to the male patients, proxalutamide could still significantly inhibit the disease progression of female patients with mild-to-moderate COVID-19.

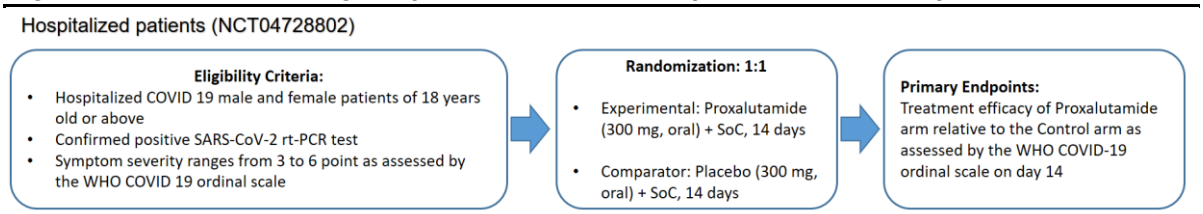
Figure 4: Results of proxalutamide in COVID-19 outpatients in Brazil

Male	Proxalutamide arm (n=134)		Control arm (n=128)	
	Cases	Percentage	Cases	Percentage
Hospitalization	0	0%	35	27.3%
Admission to ICU	0	0%	18	14.1%
Mechanical ventilation requirement	0	0%	13	10.2%
Death	0	0%	2	1.6%
Female	**Proxalutamide arm (n=60)**		**Control arm (n=35)**	
	Cases	Percentage	Cases	Percentage
Hospitalization	1	1.7%	6	17.1%
Admission to ICU	0	0%	3	8.6%
Mechanical ventilation requirement	0	0%	2	5.7%
Death	0	0%	1	2.9%

Source: Company data, CMBIS

For hospitalized COVID-19 patients, proxalutamide completed another IIT in Brazil (NCT04728802, also named as Proxa-Rescue AndroCoV Trial). In Feb 2021, the trial completed enrollment of 590 hospitalized COVID-19 patients, including 294 patients (56.8% male) in the proxalutamide arm and 296 patients (57.8% male) in the control arm.

Figure 5: Clinical trial design of proxalutamide for hospitalized COVID-19 patients in Brazil



Source: Company data, CMBIS

In Mar 2021, Kintor released the results of proxalutamide in hospitalized COVID-19 patients in Brazil, which met the primary endpoint at day 14, demonstrating a reduction of 4.01 in WHO COVID-19 ordinal scale from a baseline of 5.663 to 1.653 in the Proxalutamide arm versus a reduction of 0.25 from a baseline of 5.618 to 5.368 in the control arm ($p<0.0001$). Proxalutamide also demonstrated a reduction in mortality risk by 92% (3.7% in proxalutamide arm vs 47.6% in control arm) and shortened median hospital length stay by 9 days (median hospital stay of 5 days in proxalutamide arm vs 14 days in control arm).

Figure 6: Results of proxalutamide in hospitalized COVID-19 patients in Brazil

WHO COVID 19 ordinal scale	Proxalutamide arm (n=294)	Control arm (n=296)
Day 0 (baseline)	5.663	5.618
Day 14	1.653	5.368
Change (p value < 0.0001)	**-4.01**	**-0.25**

	Proxalutamide arm (n=294)		Control arm (n=296)	
	Cases	Percentage	Cases	Percentage
Mortality	11	3.7%	141	47.6%
Median hospital length stay (days)	5 days		14 days	
New mechanical ventilation (MV) and/or death	13	4.4%	156	52.7%
Discharged from hospital	262	89.1%	97	32.8%

Source: Company data, CMBIS

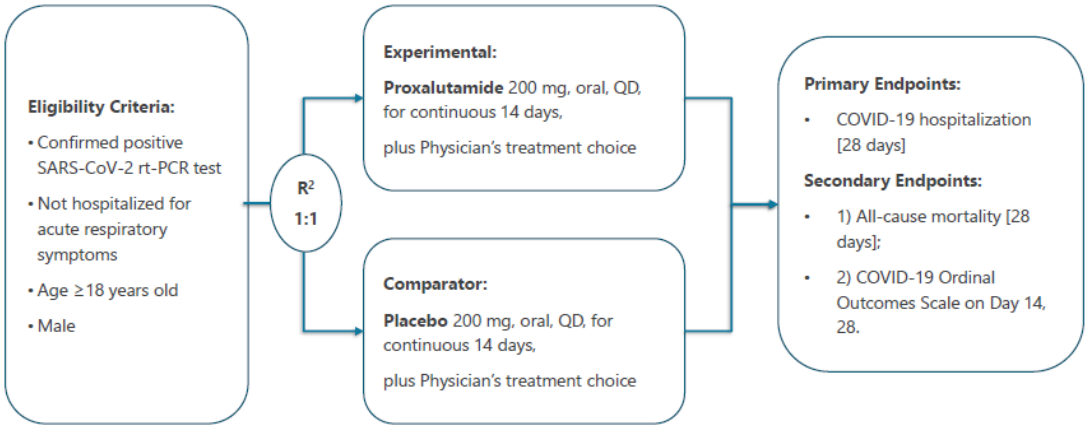
Registrational trials in the US

Given the superior efficacy data of proxalutamide exhibited in Brazil's trial for both outpatients and hospitalized patients, Kintor has obtained the approval from the US FDA to start a registrational phase III clinical trial of proxalutamide for the treatment of male patients with mild or moderate COVID-19 symptoms in Mar 2021.

The pivotal phase III trial is a randomized, double-blind, placebo-controlled, multi-regional trial, designed to evaluate the efficacy and safety of proxalutamide in male outpatients with mild or moderate COVID-19 symptoms, and the primary endpoint is hospitalization rate by Day 28. Recently, on 25 Apr 2021, Kintor has completed the first patient enrollment and dosing for this trial. We expect interim data readout in 3Q21E.

Furthermore, we expect Kintor to initiate another global registrational phase III trial for hospitalized COVID-19 patients soon.

Figure 7: Ph3 trial design for male COVDI-19 outpatients in the US



Source: Company data, CMBIS

Competitive landscape of COVID-19 therapeutic drugs

Amid the current COVID-19 pandemic, a variety of therapeutic treatments are being developed or repurposed to combat COVID-19. Several neutralizing monoclonal antibodies and small molecule drugs, or their combinations, have been approved or granted EUA, making them research hotspots.

Neutralizing monoclonal antibodies

Several neutralizing monoclonal antibodies to SARS-CoV-2 are evaluated in clinical trials. The US FDA has granted EUA for two antibodies therapies for treatment of mild-to-moderate COVID-19 patients at high risk for progressing to severe COVID-19 and/or hospitalization, including LY-CoV555+LY-CoV016 (bamlanivimab + etesevimab), LYCoV555 (bamlanivimab, revoked on 21 Apr 2021), REGEN-COV2 (casirivimab + imdevimab). In addition, several antibodies are at late-stage clinical trials assessing their potential for treating COVID-19, including CT-P59, VIR-7831/GSK4182136, TY027, AZD7442, etc.

Figure 8: Neutralizing monoclonal antibodies for the treatment of COVID-19

Sponsors	Therapies	Regimen	Target	Latest status
Eli Lilly and AbCellera	Bamlanivimab (LY-CoV555)	Mono	Spike protein	EUA revocation for bamlanivimab monotherapy on 21 Apr 2021
Eli Lilly and Junshi Biosciences	Combination of bamlanivimab (LY-CoV555) and etesevimab (JS016 / LY-CoV016)	Cocktail	Spike protein + RBD	EUA for mild-to-moderate COVID-19 patients
Regeneron	Combination of casirivimab and imdevimab (REGN-COV2)	Cocktail	Spike protein	EUA received in Nov 2020
Celltrion (Regdanvimab)	Regdanvimab (CT-P59)	Mono	SARS-CoV-2	EUA received in EMA and South Korea (Phase III)
Vir Biotechnology and GSK	VIR-7831/GSK4182136	Mono	SARS-CoV-2	EUA submitted to FDA and EMA
Tychan Pte Ltd	TY027	Mono	SARS-CoV-2	Phase III
AstraZeneca	AZD7442 (AZD8895 and AZD1061)	Cocktail	SARS-CoV-2	Phase III
Brii Biosciences	BRII-196/BRII-198	Cocktail	SARS-CoV-2	Phase III
Sinocelltech	SCTA01	Mono	RBD	Phase II/III
Sab Biotherapeutics	SAB-185	Mono	SARS-CoV-2	Phase II/III
Beigene	DXP-593	Mono	Spike protein	Phase II
Sorrento Therapeutics	COVI-AMG (STI-2020)	Mono	SARS-CoV-2	Phase II
Mabwell (Shanghai) Bioscience	MW33	Mono	SARS-CoV-2	Phase II
Eli Lilly/ AbCellera Junshi Biosciences Vir Biotechnology/ GSK	LY-CoV1404 / LY-CoV1404+LY-CoV555+LY-CoV016 / LY-CoV555+VIR-7831	Mono / Cocktail	Spike protein/ RBD	Phase II
University of Cologne and BI	DZIF-10c (BI 767551)	Mono	SARS-CoV-2	Phase I/II
COR-101	Corat Therapeutics	Mono	Spike protein	Phase I/II
HiFiBiO Therapeutics	HFB30132A	Mono	Spike protein	Phase I Phase I/II pending in Russia
Hengenix Biotech / He	HLX70	Mono	SARS-CoV-2	Phase I
AbbVie	ABBV-47D11	Mono	SARS-CoV-2	Phase I
Beigene	DXP-604	Mono / Cocktail	Spike protein	Phase I
Sorrento Therapeutics	COVI-GUARD (STI-1499)	Mono	SARS-CoV-2	Phase I
Ology Bioservices	ADM03820	Cocktail	SARS-CoV-2	Phase I

Source: Company data, CMBIS (As of 3 May 2021)

Other therapies for COVID-19

Besides neutralizing mAbs, other therapies are either approved or under research for treatment of COVID-19. As for small molecules, Veklury (remdesivir) was approved by the US FDA for treating adults and pediatric hospitalized patients with COVID-19 in Oct 2020. The US FDA granted EUA for remdesivir in combination with Olumiant (baricitinib, a JAK1/JAK2 inhibitor) for treatment of hospitalized patients with COVID-19 requiring

supplemental oxygen, invasive mechanical ventilation or extracorporeal membrane oxygenation (ECMO) in Nov 2020. Dexamethasone is indicated for ICU patients with COVID-19, according to the COVID-19 Treatment Guidelines by the US FDA. In addition, many other therapies, such as anti-inflammatory biologics, small molecule drugs and TCMs, are being evaluated for treating COVID-19 in various countries.

Proxalutamide showed superior preliminary efficacy compared with approved COVID-19 therapies

To date, several therapies have been approved or granted EUA by the US FDA, including neutralizing mAbs, remdesivir, baricitinib + remdesivir, etc.

For mild-to-moderate COVID-19 patients, cocktail neutralizing antibodies, such as bamlanivimab + etesevimab and casirivimab + imdevimab, can reduce the risk of hospitalization by 85% and 50%, respectively. In contrast, according to the IIT results, proxalutamide reduced the hospitalization risk by 100% (0% vs 27.3%) in male patients and 90% (1.7% vs 17.1%) in female patients, respectively.

Figure 9: Efficacy comparison of approved treatments and proxalutamide for COVID-19 outpatients

Compounds	Type	Status	Indications	Efficacy
Bamlanivimab; + Etesevimab	Neutralizing mAbs	EUA (10 Feb 2021)	Mild to moderate outpatients	Hospitalizations rate: 0.9% vs 5.8% (Day-29)
Bamlanivimab	Neutralizing mAb	EUA (09 Nov 2020) (*Revoked on 21 Apr 2021*)	Mild to moderate outpatients	Hospitalizations rate: 1.6% vs 6.3% (Day-29)
REGN-COV2 (casirivimab + imdevimab)	Neutralizing mAbs	EUA (21 Nov 2020)	Mild to moderate outpatients	Hospitalizations or emergency department visits: 2% vs 4% (post hoc analyses) Absolute risk reduction: 3% vs 9% (high-risk patients)
CT-P59	Neutralizing mAb	EUA in South Korea (05 Feb 2021)	Mild to moderate outpatients	Reduction of progression to severe COVID-19: Overall: 54% 50+ years-old: 68%
Proxalutamide	**Small molecule**	**Phase III in the US; IIT for outpatients in Brazil**	**Mild to moderate outpatients**	**Outpatients in Brazil: Hospitalizations rate: 0.0% vs 27.3% (Male. Day-30) Hospitalizations rate: 1.7% vs 17.1% (Female. Day-30)**

Source: FDA, Company data, CMBIS

For hospitalized patients, remdesivir can reduce the hospital stay length by 5 days compared to placebo (10 days vs 15 days). Compared with remdesivir alone, remdesivir in combination with baricitinib can reduce the morality risk by 34% (4.7% vs 7.1%). In contrast, during the trial in Brazil, proxalutamide reduced the length of hospital stay by 9 days (5 days vs 14 days) and reduced mortality risk by 92% (3.7% vs 47.6%).

Figure 10: Efficacy comparison of approved treatments and proxalutamide for COVID-19 hospitalized patients

Compounds	Type	Status	Indications	Efficacy
Remdesivir	Small molecule	FDA full approval (22 Oct 2020)	Hospitalized patients	Median hospital stay days: 10 vs 15
Remdesivir + Baricitinib	Small molecules	EUA (09 Nov 2020)	Hospitalized patients	Median hospital stay days: 7 (mono) vs 8 (combo) Mortality: 4.7% (combo) vs 7.1% (mono)
Proxalutamide	**Small molecule**	**IIT for hospitalized patients in Brazil**	**Hospitalized patients**	**Hospitalized patients in Brazil: Median hospital stay days: 5 vs 14 Mortality: 3.7% vs 47.6% WHO COVID-19 ordinal scale: -4.01 vs -0.25**

Source: FDA, Company data, CMBIS

Assess proxalutamide's sales potential in COVID-19

Existing COVID-19 treatment, such as neutralizing mAbs (bamlanivimab + etesevimab) and remdesivir are priced at above US$2,000 per cycle. Given proxalutamide's potential superior efficacy, we think proxalutamide can charge similar prices as neutralizing antibodies or remdesivir, under conservative scenarios.

We expect the manufacture capacity of proxalutamide to reach 50mn tablets per month by 4Q21E, indicating potential 600mn tablets of annual production capacity in 2022E. With such capacity, proxalutamide will be able to cover 14mn to 21mn COVID-19 patients in 2022E.

Figure 11: Pricing of major approved treatments for COVID-19 in the US

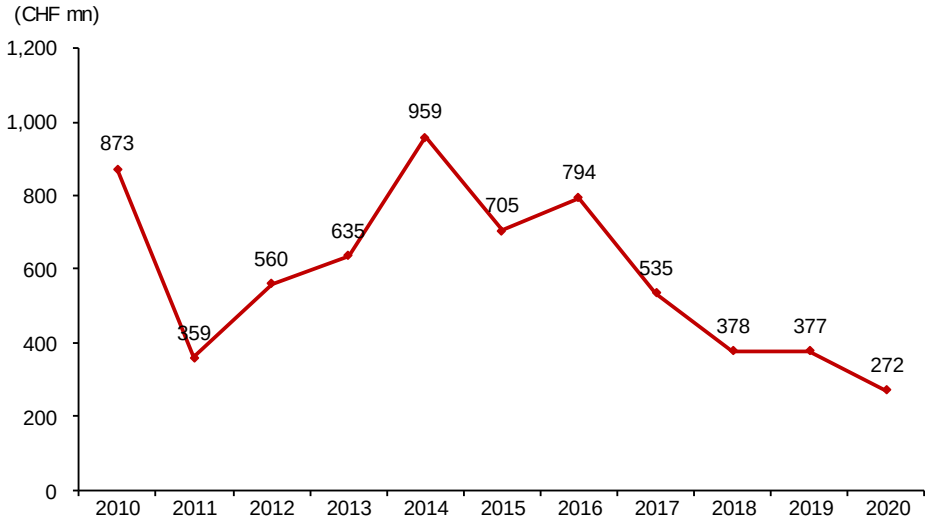
Therapies	Status	Indications	Regimens	Price per cycle
Bamlanivimab + etesevimab	EUA (10 Feb 2021)	Mild to moderate outpatients	700mg/20ml/vial x 1 vial (IV) + 700mg/20ml/vial x 2 vials (IV)	US$2,100(1) (US government purchase)
Remdesivir	FDA full approval (22 Oct 2020)	Hospitalized patients	100mg/20ml/vial x 6 vials (IV)	US$2,340-US$3,120(2) (US, based on insurance)
Proxalutamide	Phase III in the US IIT for outpatients in Brazil IIT for hospitalized patients in Brazil	Mild to moderate outpatients Mild to moderate outpatients Hospitalized patients	Mild to moderate outpatients: 200mg QD x 14 days Hospitalized patients: 300mg QD x 14 days	NA

Source: FDA, Company data, CMBIS; Notes: 1) www.globenewswire.com; 2) www.clinicaltrialsarena.com

Eli Lily (LLY US, NR)'s neutralizing mAbs, including bamlanivimab monotherapy and the combo-therapy of bamlanivimab and etesevimab, achieved US$810mn global sales in 1Q21, implying sales volume of approximately 385,000 doses. Given proxalutamide's promising efficacy and convenience of oral administration, we see large sales potential in proxalutamide, if approved.

In view of the volatility of the COVID-19 pandemic all around the world, there's a risk that COVID-19 may exist for a long time like influenza. Tamiflu (Oseltamivir) has been an effective and widely-adopted anti-viral treatment for influenza. We think proxalutamide also has the potential to become a convenient and effective therapy for COVID-19. Before the patent expiry in 2017, global sales of Tamiflu peaked in 2014 at CHF959mn (equivalent to approximately US$1,050mn).

Figure 12: Global sales of Tamiflu (2010-2020)



Source: Roche's financial report, CMBIS

Valuation

We use DCF method to value the Company and we derive TP of HK$92.08 based on 10-year risk-adjusted DCF model (WACC: 9.7%, terminal growth rate: 3.0%).

Figure 13: Risk-adjusted DCF valuation

DCF Valuation (in Rmb mn)	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	(465)	6,622	5,581	3,756	2,848	2,541	2,365	2,359	2,375	2,453
Tax rate	0%	15%	15%	15%	15%	15%	15%	15%	15%	15%
EBIT*(1-tax rate)	(465)	5,629	4,744	3,193	2,421	2,160	2,010	2,005	2,019	2,085
+ D&A	12	17	21	25	28	31	34	37	40	42
- Change in working capital	0	(640)	(181)	(152)	71	52	49	16	(9)	(20)
- Capex	(100)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
FCFF	**(553)**	**4,926**	**4,504**	**2,985**	**2,439**	**2,163**	**2,013**	**1,978**	**1,970**	**2,027**
Terminal value										**31,281**
FCF + Terminal value	(553)	4,926	4,504	2,985	2,439	2,163	2,013	1,978	1,970	33,308

Present value of enterprise	27,933
Net Debt	(298)
Minorities	0
Equity value (RMB mn)	28,231
Equity value (HK$ mn)	**34,013**
Equity value (US$ mn)	**4,389**
Target price (HK$)	**92.08**

Terminal growth rate	
WACC	
Cost of Equity	**3.0%**
Cost of Debt	**9.7%**
Equity Beta	12.0%
Risk Free Rate	5.0%
Market Risk Premium	0.9
Target Debt to Asset ratio	3.0%
Effective Corporate Tax Rate	10.0%

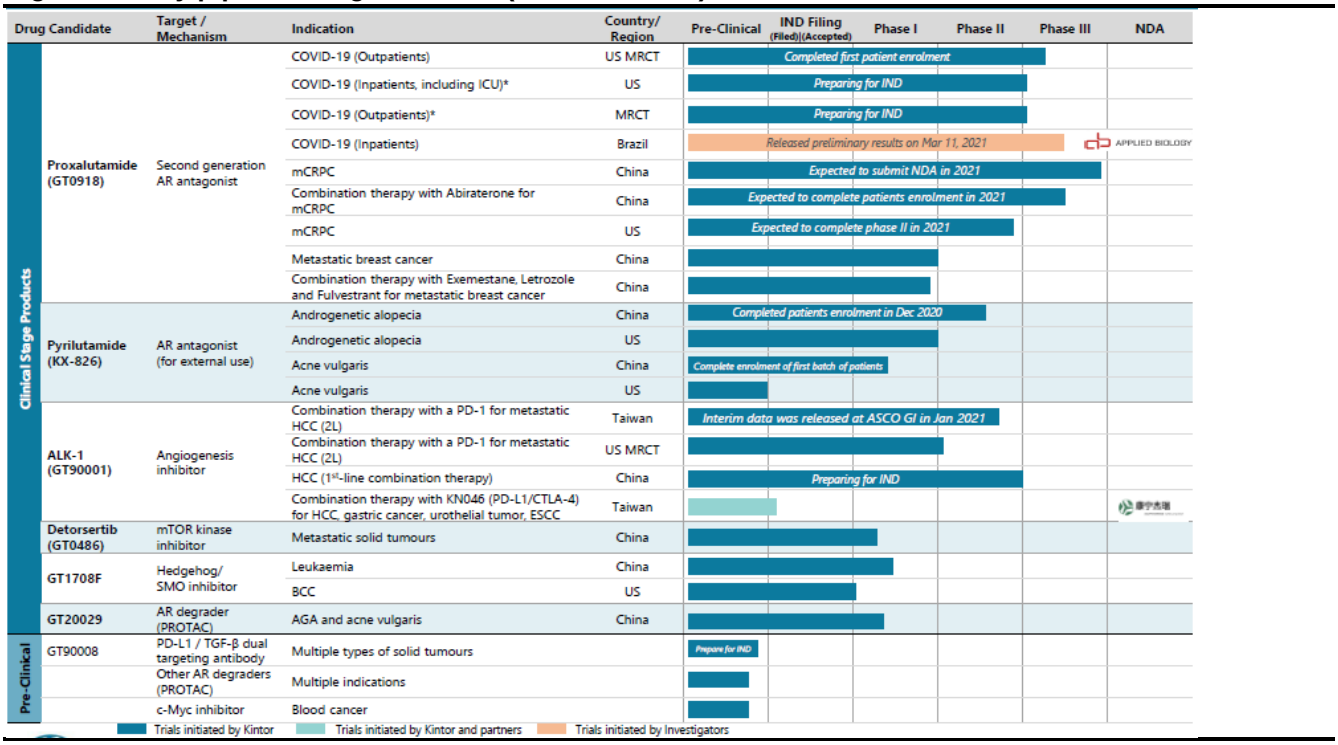
Source: CMBIS estimates

Figure 14: Sensitivity analysis (HK$)

		WACC				
		8.5%	**9.0%**	**9.5%**	**10.0%**	**10.5%**
	4.0%	117.79	107.89	99.68	92.76	86.85
	3.5%	111.33	102.78	95.57	89.41	84.07
Terminal growth rate	**3.0%**	106.00	98.50	**92.08**	86.52	81.67
	2.5%	101.54	94.86	89.07	84.01	79.55
	2.0%	97.75	91.72	86.46	81.81	77.68

Source: Company data, CMBIS estimates

Figure 15: Key pipeline drugs of Kintor (as of Mar 2021)



Source: Company data, CMBIS; Notes: mCRPC = metastatic castration resistant prostate cancer, MRCT = Multi Regional Clinical Trial, HCC = hepatocellular carcinoma, BCC = basal cell carcinoma, PROTAC = proteolysis targeting chimera, ESCC = Esophageal squamous cell carcinoma, * Subject to regulators' approval

Figure 16: CMBIS estimates revision

	New			Old			Diff (%)		
RMB mn	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	0	9,783	8,082	0	924	798	N/A	958%	913%
Gross Profit	0	7,827	6,546	0	739	646	N/A	958%	913%
Operating Profit	(449)	6,672	5,702	(389)	331	252	N/A	1916%	2164%
Net profit	(457)	5,664	4,839	(397)	274	207	N/A	1969%	2243%
EPS (RMB)	(1.24)	15.33	13.10	(1.08)	0.74	0.56	N/A	1969%	2243%
Gross Margin	N/A	80.00%	81.00%	N/A	80.00%	81.00%	N/A	+0.00 ppt	+0.00 ppt
Operating Margin	N/A	68.20%	70.55%	N/A	35.81%	31.57%	N/A	+32.39 ppt	+38.99 ppt
Net Margin	N/A	57.89%	59.88%	N/A	29.62%	25.89%	N/A	+28.27 ppt	+33.99 ppt

Source: Company data, CMBIS estimates

Figure 17: CMBIS estimates vs consensus

	CMBIS			Consensus			Diff (%)		
RMB mn	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	0	9,783	8,082	40	606	1,056	N/A	1514%	665%
Gross Profit	0	7,827	6,546	28	509	903	N/A	1438%	625%
Operating Profit	(449)	6,672	5,702	(567)	9	194	N/A	78395%	2847%
Net profit	(457)	5,664	4,839	(538)	(89)	116	N/A	-6440%	4069%
EPS (RMB)	(1.24)	15.33	13.10	(1.46)	(0.22)	0.31	N/A	-7069%	4195%
Gross Margin	N/A	80.00%	81.00%	70.00%	84.00%	85.50%	N/A	-4.00 ppt	-4.50 ppt
Operating Margin	N/A	68.20%	70.55%	-1435.44%	1.40%	18.32%	N/A	+66.80 ppt	+52.23 ppt
Net Margin	N/A	57.89%	59.88%	-1362.87%	-14.74%	10.99%	N/A	+72.63 ppt	+48.89 ppt

Source: Company data, CMBIS estimates

Financial Statements

Income statement

YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	**0**	**0**	**0**	**9,783**	**8,082**
Proxalutamide China sales – risk adjusted	0	0	0	34	213
Proxalutamide US sales - risk adjusted	0	0	0	9,703	7,757
Pyrilutamide China sales - risk adjusted	0	0	0	46	105
Pyrilutamide US sales - risk adjusted	0	0	0	0	6
ALK-1 China sales - risk adjusted	0	0	0	0	0
Others	0	0	0	0	0
Cost of sales	0	0	0	(1,957)	(1,536)
Gross profit	**0**	**0**	**0**	**7,827**	**6,546**
Other income	19	25	31	65	136
Selling & distribution expenses	(33)	(77)	(80)	(587)	(485)
R&D expenses	(214)	(329)	(400)	(600)	(400)
Administrative expenses	(0)	(9)	0	(32)	(96)
Other expenses	(1)	(116)	0	0	0
Operating profit (loss)	**(229)**	**(505)**	**(449)**	**6,672**	**5,702**
Finance costs	(4)	(3)	(9)	(9)	(9)
Pre-tax profit (loss)	**(233)**	**(508)**	**(457)**	**6,663**	**5,693**
Income tax	0	(0)	0	(999)	(854)
Minority interests	0	0	0	0	0
Attributable net profit (loss)	**(233)**	**(508)**	**(457)**	**5,664**	**4,839**

Cash flow summary

YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Profit before tax	**(233)**	**(508)**	**(457)**	**6,663**	**5,693**
Depreciation and amortization, etc.	5	7	12	17	21
Change in working capital	0	(13)	0	(640)	(181)
Others	(0)	134	(1)	(1,000)	(855)
Net income tax paid	0	(0)	0	(999)	(854)
Operating cash flow	**(228)**	**(381)**	**(446)**	**5,040**	**4,679**
Purchase of PP&E	(67)	(69)	(100)	(80)	(80)
Purchase of land use right	0	0	0	0	0
Purchases of financial assets at FV through profit or loss	0	(253)	0	0	0
Purchases of financial assets measured at amortized cost	(55)	0	0	0	0
Others	115	(118)	0	0	0
Investing cash flow	**(7)**	**(440)**	**(100)**	**(80)**	**(80)**
Proceeds from borrowings	59	239	0	0	0
Repayments of borrowings	(65)	(79)	0	0	0
Capital contribution from equity holders	348	1,653	0	0	0
Others	(46)	(32)	0	0	0
Financing cash flow	**296**	**1,780**	**0**	**0**	**0**
FX changes	(3)	(91)	0	0	0
Net change in cash	61	960	(546)	4,960	4,599
Cash at the beginning year	138	196	1,066	519	5,480
Cash at the end	**196**	**1,065**	**519**	**5,480**	**10,079**

Balance sheet

YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Non-current assets	**333**	**431**	**520**	**583**	**643**
PP&E	98	175	265	330	390
Intangible assets	179	210	210	209	209
Right-of-use assets	14	12	11	10	9
Other non-current assets	41	34	34	34	34
Current assets	**221**	**1,421**	**873**	**7,036**	**11,677**
Inventories	0	0	0	161	168
Trade receivables	0	0	0	804	886
Other receivables and prepayments	25	32	30	268	221
Financial assets at FV through P&L	0	0	0	0	0
Cash and cash equivalents	196	1,066	519	5,480	10,079
Restricted cash	0	0	0	0	0
Non-current liabilities	**41**	**174**	**174**	**174**	**174**
Borrowings	0	135	135	135	135
Lease liabilities	2	0	0	0	0
Deferred income tax liabilities	39	39	39	39	39
Current liabilities	**143**	**169**	**168**	**731**	**593**
Trade and other payables	80	81	80	643	505
Borrowings	59	84	84	84	84
Lease liabilities	3	3	3	3	3
Deferred income	1	0	0	0	0
Amounts due to related parties	0	1	1	1	1
Total net assets	**370**	**1,508**	**1,050**	**6,714**	**11,554**
Minority interest	0	0	0	0	0
Shareholders' equity	**370**	**1,508**	**1,050**	**6,714**	**11,554**

Key ratios

YE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
Sales mix (%)					
Proxalutamide China sales adjusted	0	0	0	0	3
Proxalutamide US sales	0	0	0	99	96
Pyrilutamide China sales - adjusted	0	0	0	0	1
Pyrilutamide US sales	0	0	0	0	0
ALK-1 China sales -	0	0	0	0	0
Others	0	0	0	0	0
Total	100	100	100	100	100
Profit & loss ratios (%)					
Gross margin	N/A	N/A	80	80	81
EBITDA margin	N/A	N/A	N/A	68	69
Pre-tax margin	N/A	N/A	N/A	68	70
Net margin	N/A	N/A	N/A	58	60
Effective tax rate	0	0	0	15	15
Balance sheet ratios					
Current ratio (x)	2	8	5	10	20
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Returns (%)					
ROE	-63	-34	-44	84	42
ROA	-42	-27	-33	74	39
Per share value					
EPS (RMB)	N/A	(1.64)	(1.24)	15.33	13.10
DPS (RMB)	N/A	0.00	0.00	0.00	0.00
BVP (RMB)	N/A	4.87	2.84	18.18	31.28

Source: Company data, CMBIS estimates

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