As filed with the Securities and Exchange Commission on November 15, 2018

Registration No. 333-227198

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 2 TO
FORM F-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

APTORUM GROUP LIMITED

(Exact Name of Registrant as Specified in its Charter)

Cayman Islands	2834	Not Applicable
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

17th Floor, Guangdong Investment Tower
148 Connaught Road Central
Hong Kong
Telephone: +852 2117 6611
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Copies to:

Louis Taubman, Esq.
Arila Er Zhou, Esq.
Hunter Taubman Fischer & Li LLC
1450 Broadway, 26th Floor
New York, NY 10018
Tel: 917.512.0827
Fax: 212.202.6380

Elizabeth F. Chen, Esq.
Stephen M. Goodman, Esq.
Pryor Cashman LLP
7 Times Square
New York, NY 10036
Tel: 212.421.4100
Fax: 212.326.0806

Approximate date of commencement of proposed sale to the public: As soon as practicable after effectiveness of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Aggregate Price Per Share	Proposed Maximum Aggregate Offering Price[(1)]	Amount of Registration Fee
Class A Ordinary Shares, par value $1.00 per share[(2)]	1,898,734	$ 15.8	$ 30,000,000	$ 3,636.00
Underwriters' Warrants[(3)]	51,990	$ —	$ —	$ —
Class A Ordinary Shares underlying Underwriter's Warrants[(3)]	51,990	$ 18.96	$ 985,730	$ 119.47
Class A Ordinary Shares underlying the Bond[(4)]	1,232,539	$ 12.17	$ 15,000,000	$ 1,818.00
Class A Ordinary Shares underlying Placement Agent Warrants[(5)]	67,790	$ 12.17	$ 825,004	$ 99.99
Class A Ordinary Shares underlying Series A Notes[(6)]	230,252	$ 6.95	$ 1,600,251	$ 193.95
Class A Ordinary Shares underlying Placement Agent Warrants[(7)]	12,664	$ 6.95	$ 88,015	$ 10.67
Total	3,493,969		$ 48,499,000	$ 5,878.08

(1) The registration fee is based on an estimate of the Proposed Maximum Aggregate Offering Price of the securities, assuming the sale of the maximum number of shares at the highest expected offering price, and such estimate is solely for the purpose of calculating the registration fee pursuant to Rule 457(o).

(2) In accordance with Rule 416(a), the Registrant is also registering an indeterminate number of additional Class A Ordinary Shares that shall be issuable pursuant to Rule 416 to prevent dilution resulting from share splits, share dividends or similar transactions.

(3) The Registrant will issue to Boustead Securities, LLC ("Boustead"), one of the lead underwriters in this Offering, warrants to purchase a number of Class A Ordinary Shares equal to a specified percentage of the Class A Ordinary Shares (the "Underwriter Warrants") sold in this Offering, depending on the final amount raised in this Offering; for purposes of disclosure herein, these calculations are based on Boustead sourcing one-half of the investors. The closing date will be a date mutually acceptable to the Registrant and the Underwriters after the minimum offering has been sold. The exercise price of the Underwriter Warrants is equal to 120% of the offering price of the Class A Ordinary Shares offered hereby. Assuming a maximum placement and an exercise price of $18.96 per share, we would receive, in the aggregate, $985,730 upon exercise of the Underwriter Warrants, of which there can be no guarantee. The Class A Ordinary Shares underlying the Underwriter Warrants are exercisable upon closing of the offering and within a 2.5-year-period, at any time and from time to time, in whole or in part.

(4) Reflects the resale by a Selling Shareholder included herein of its Class A Ordinary Shares underlying a Bond at a conversion price of $12.17 per share, subject to adjustment that the Registrant issued to such Selling Shareholder in connection with a Bond Offering it consummated on April 25, 2018; the conversion price reflects the 23% discount available to the Bond holders and assumes full conversion of the Bond (See "Convertible Bond - Description of Share Capital").

(5) Representing the Class A Ordinary Shares underlying placement agent warrants at an exercise price of $12.17 per share that the Registrant issued to Boustead, one of the placement agents in connection with the Bond Offering. Such warrants were assigned to a non-affiliate of the placement agent prior to the commencement of the Offering. The assignment is non-recourse.

(6) Reflects the resale by Selling Shareholders included herein of their Class A Ordinary Shares underlying the Series A Notes issued to such Selling Shareholders at a conversion price of $6.95 per share, subject to adjustment in a private placement that closed in May 2018.

(7) Representing the Class A Ordinary Shares underlying placement agent warrants at an exercise price of $6.95 per share issued to Boustead, the placement agent in connection with the private placement of the Series A Notes. Such warrants were assigned to a non-affiliate of the placement agent prior to the commencement of the Offering. The assignment is non-recourse.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission acting pursuant to said Section 8(a) may determine.

The information in this prospectus is not complete and may be changed. Neither we nor the Selling Shareholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION
DATED NOVEMBER 15, 2018

PRELIMINARY PROSPECTUS

APTORUM GROUP LIMITED

Minimum Offering: $10,000,000 Class A Ordinary Shares/632,912 Class A Ordinary Shares
Maximum Offering: $30,000,000 Class A Ordinary Shares/1,898,734 Class A Ordinary Shares

This is an initial public offering (the "Offering") of securities of Aptorum Group Limited ("Aptorum Group"), a Cayman Islands exempted company with limited liability whose principal place of business is in Hong Kong. We are offering on a best efforts basis, a minimum of $10,000,000 (632,912 Class A Ordinary Shares), and a maximum of $30,000,000 (1,898,734 Class A Ordinary Shares) of our Class A Ordinary Shares, par value $1.00 per share (the "Class A Ordinary Shares"). Prior to this Offering, there has been no public market for our Class A Ordinary Shares. We expect the initial offering price of our Class A Ordinary Shares will be $15.8 per share (the "Offering Price"). This prospectus also includes the resale of up to 1,543,245 Class A Ordinary Shares (the "Resale Shares"), including: (1) 1,232,539 Class A Ordinary Shares underlying a bond we issued to one investor (See "Prospectus Summary – Recent Financings – The Bond Offering"); (2) 67,790 Class A Ordinary Shares underlying the placement agent warrants we issued to a placement agent in connection with the Bond Offering; (3) 230,252 Class A Ordinary Shares underlying the Series A convertible note we issued in a private placement, (See "Prospectus Summary – Recent Financings – The Series A Note Offering"); and (4) 12,664 Class A Ordinary Shares underlying the placement agent warrants we issued to a placement agent in connection with the Series A Note Offering. The selling shareholders named herein (the "Selling Shareholders") may sell Resale Shares at a fixed price equal to the Offering Price until the Class A Ordinary Shares are listed on NASDAQ and thereafter, the Selling Shareholders will be able sell their Class A Ordinary Shares at prevailing market prices or privately negotiated prices. We will not receive any proceeds from the sales by the Selling Shareholders. In addition, we are registering 51,990 Class A Ordinary Shares underlying the underwriters' warrants in this prospectus.

Our authorized share capital is divided into Class A Ordinary Shares and Class B Ordinary Shares. As of the date of the prospectus, we have 60,000,000 Class A Ordinary Shares, par value $1.00 each and 40,000,000 Class B Ordinary Shares, par value $1.00 each, authorized, among which 5,426,381 Class A Ordinary Shares and 22,437,754 Class B Ordinary Shares are issued and outstanding, respectively. Holders of Class A Ordinary Shares and Class B Ordinary Shares have the same rights except for voting and conversion rights. In respect of matters requiring a shareholder vote, each Class A Ordinary Share will be entitled to one vote and each Class B Ordinary Share will be entitled to ten votes. The Class A Ordinary Shares are not convertible into shares of any other class. The Class B Ordinary Shares are convertible into Class A Ordinary Shares at any time after issuance at the option of the holder on a one to one basis.

We plan to apply to list our Class A Ordinary Shares on the NASDAQ Global Market under the symbol "APM."

We are an "emerging growth company," as defined in the U.S. Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") and will be subject to reduced public company reporting requirements.

Investing in our Class A Ordinary Shares involves a high degree of risk. See "Risk Factors" beginning on page 13 of this prospectus for a discussion of information that should be considered in connection with an investment in our Class A Ordinary Shares.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share(1)	Total(1)
Initial public offering price	$ 15.80	$10,000,000 to $30,000,000
Underwriting discounts and commissions(2)	$ 0.94 to $1.11	$700,000 to $1,788,000
Proceeds to us (before expenses)	$ 14.69 to $14.86	$9,300,000 to $28,212,000
Proceeds to the Selling Shareholders, before expenses(3)	$ 15.80	Up to $24,383,271

(1) The range presented represents the amounts based on the minimum offering amount and maximum offering amount, respectively.
(2) See "Underwriting" for a description of commission payable to the underwriters.
(3) We will not receive any proceeds from the Selling Shareholders' sale of Class A Ordinary Shares.

The underwriters are selling our Class A Ordinary Shares in this Offering on a best efforts basis. The underwriters are not required to sell any specific number or dollar amount of Class A Ordinary Shares but will use their best efforts to sell the Class A Ordinary Shares offered. One of the conditions to our obligation to sell any securities through the underwriters is that, upon the closing of the Offering, the Class A Ordinary Shares would qualify or reasonably expect to be qualified for listing on the NASDAQ Global Market.

The underwriters expect to deliver the Class A Ordinary Shares to purchasers in the Offering on or about [ ], 2018.

The Offering will terminate upon the earlier of: (i) a date mutually acceptable to us and our Underwriters after the minimum offering is sold or (ii) [ ], 2018. If the Underwriters do not sell at least 632,912 Class A Ordinary Shares by [ ], 2018, all funds will be returned within five business days to subscribers without interest or deduction. If this Offering completes, then on the closing date, net proceeds will be delivered to us and we will issue the Class A Ordinary Shares to purchasers. Until we sell at least 632,912 Class A Ordinary Shares, all investor funds will be held in an escrow account at FinTech Clearing, LLC. If we do not sell at least 632,912 Class A Ordinary Shares by [ ], unless mutually extended by the Company and the Underwriter, all funds will be promptly returned to investors (within five (5) business days) without interest or deduction. One of the conditions to our obligation to sell any securities through the Underwriter is that, upon the final closing of the Offering, the Class A Ordinary Shares would qualify for listing on the NASDAQ Global Market.

The Selling Shareholders will offer their Class A Ordinary Shares through their brokerage firms and there is no termination date of the Selling Shareholders' offering. The Selling Shareholders may sell their Class A Ordinary Shares described in this prospectus in a number of different ways and at varying prices. However, the Selling Shareholders will not be able to sell any of their Class A Ordinary Shares on any trading market until the Company raises the minimum offering amount in the Offering and the Company's Class A Ordinary Shares are approved for listing on NASDAQ Global Market, as further discussed herein. Furthermore, the Selling Shareholders will only be able to sell their Class A Ordinary Shares at a fixed price equal to the Offering Price until the Class A Ordinary Shares are listed on NASDAQ and thereafter, the Selling Shareholders will be able sell their Class A Ordinary Shares at prevailing market prices or privately negotiated prices.

Boustead Securities

China Renaissance

尚乘老虎 AMTD TIGER

The date of this prospectus is November 15, 2018.

TABLE OF CONTENTS

We have not, and the underwriters have not, authorized any person to provide you with information different from that contained in this prospectus or any related free-writing prospectus that we authorize to be distributed to you. This prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any jurisdiction where the offer or sale is not permitted. The information in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies, regardless of the time of delivery of this prospectus or of any sale of the securities offered hereby.

For investors outside of the United States: We have not, and the underwriters have not, done anything that would permit this Offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the Offering and the distribution of this prospectus outside of the United States.

This prospectus includes statistical and other industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe these industry publications and third-party research, surveys and studies are reliable, you are cautioned not to give undue weight to this information.

All references in this prospectus to "$," "U.S.$," "U.S. dollars," "dollars," "US$," and "USD" mean United States dollars unless otherwise noted. All references to the "PRC" or "China" in this prospectus refer to the People's Republic of China. All references to "Hong Kong" or "H.K." in this prospectus refer to Hong Kong Special Administrative Region of the People's Republic of China. All references to the "United States," "U.S." or "US" refer to the United States of America.

COMMONLY USED DEFINED TERMS

- "Acticule" refers to Acticule Life Sciences Limited, an 80% owned subsidiary of Aptorum Group.
- "Aeneas" refers to AENEAS CAPITAL LIMITED, a wholly-owned subsidiary of Aeneas Group Limited, which is an indirect wholly-owned subsidiary of Jurchen Investment Corporation through Aeneas Limited. Because Mr. Huen, our CEO, holds 100% equity interest in Jurchen Investment Corporation, we refer Aeneas as a fellow subsidiary of Aptorum Group.
- "AGL" refers to Aeneas Group Limited, a wholly-owned subsidiary of Aeneas Limited and we refer AGL as a fellow subsidiary of Aptorum Group.
- "AL" refers to Aeneas Limited, an entity wholly-owned by Jurchen Investment Corporation and we refer AL as a fellow subsidiary of Aptorum Group.
- "AML" refers to Aptorum Medical Limited, a 95% owned-subsidiary of Aptorum Group.
- "AML Clinic" refers to an outpatient medical clinic operated by AML under the name of Talem Medical.
- "AMTD Tiger" refers to AMTD Global Markets Limited.
- "APD" refers to Aptorum Pharmaceutical Development Limited, a wholly-owned subsidiary of Aptorum Group.
- "Aptorum Group," "Company," "we," "Group" and "us" refer to Aptorum Group Limited, a Cayman Islands exempted company with limited liability whose principal place of business is in Hong Kong.
- "Aptorum Non-Therapeutics Group" refers to the Company's non-therapeutics segment that encompasses: (i) the development of surgical robotics and medical devices, which is operated through Signate Life Sciences Limited and (ii) AML Clinic.
- "Aptorum Therapeutics Group" refers to the Company's therapeutics segment that is operated through its wholly-owned subsidiary, Aptorum Therapeutics Limited, a Cayman Islands exempted company with limited liability, whose principal place of business is in Hong Kong and its indirect subsidiary companies, whose principal places of business are in Hong Kong.
- "Bond" refers to a $15,000,000 convertible bond the Company issued to Peace Range (as hereinafter defined) in the Bond Offering.
- "Bond Offering" refers to the Company's private offering of the Bond that closed on April 25, 2018.
- "Boustead" refers to Boustead Securities, LLC.
- "CFDA" refers to China Food and Drug Administration.
- "cGCP" refers to Current Good Clinical Practice as adopted by the applicable regulatory authority.
- "cGLP" refers to Current Good Laboratory Practice as adopted by the applicable regulatory authority.
- "cGMP" refers to Current Good Manufacturing Practice as adopted by the applicable regulatory authority.
- "China Renaissance" refers to China Renaissance Securities (HK) Limited.
- "Class A Ordinary Shares" refers to the Company's Class A Ordinary Shares, par value $1.00 per share.
- "CMC" refers to chemical, manufacturing and control.
- "Covar" refers to Covar Pharmaceuticals Incorporated, a contract research organization engaged by the Company.
- "CROs" refers to contract research organizations.
- "EMA" refers to the European Medicines Agency.
- "EMEA" refers to Europe, the Middle East and Africa.
- "EPO" refers to the European Patent Organization or the European Patent Office operated by it.

- "European Patent" refers to patents issuable by the EPO.
- "Exchange Act" refers to the U.S. Securities Exchange Act of 1934, as amended.
- "FDA" refers to U.S. Food and Drug Administration.
- "FDCA" refers to the U.S. Federal Food, Drug and Cosmetic Act.
- "HKD" refers to Hong Kong Dollars.
- "Hong Kong" or "H.K." refers to Hong Kong Special Administrative Region of the People's Republic of China.
- "Hong Kong Doctors" refers to the doctors in Hong Kong under the employment of AML Clinic.
- "IND" refers to Investigational New Drugs.
- "IP" refers to intellectual property.
- "Jurchen" refers to Jurchen Investment Corporation, a company wholly-owned by our CEO, Ian Huen, and a holding company of Aptorum Group.
- "Major Patent Jurisdictions" refers to the United States, member states of the European Patent Organization and the People's Republic of China.
- "Nativus" refers to Nativus Life Sciences Limited, a wholly-owned subsidiary of Aptorum Group.
- "NDA" refers to a New Drug Application issued by the FDA.
- "Offering" refers to the initial public offering of Aptorum Group.
- "PRC" and "China" refer to the People's Republic of China.
- "Restructure" refers to the Company's change from an investment fund with management shares and non-voting participating redeemable preference shares to a holding company with operating subsidiaries, effective as of March 1, 2017.
- "R&D" refers to research and development.
- "R&D Center" refers to an in-house pharmaceutical development center operated by APD.
- "SEC" refers to the U.S. Securities and Exchange Commission.
- "Securities Act" refers to the U.S. Securities Act of 1933, as amended.
- "Selling Shareholders" refers to our pre-existing shareholders who are selling their Class A Ordinary Shares pursuant to the F-1.
- "Series A Notes" refers to Series A convertible notes, at a purchase price of $10,000 per note, sold in the Series A Note Offering.
- "Series A Note Investors" refers to the investors who purchased Series A Notes.
- "Series A Note Offering" refers to the private offering of Series A Notes, pursuant to Regulation S or Regulation D, as promulgated under the Securities Act that closed on May 15, 2018.
- "Signate" refers to Signate Life Sciences Limited, a wholly-owned subsidiary of Aptorum Group.
- "UK" refers to the United Kingdom.
- "Underwriter Warrants" refers to warrants issued to the underwriters of the IPO.
- "United States," "U.S." and "US" refer to the United States of America.
- "Videns" refers to Videns Incorporation Limited, a wholly-owned subsidiary of Aptorum Group.
- "$," "U.S. $," "U.S. dollars," "dollars," "US$" and "USD" refer to the United States dollars.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our Class A Ordinary Shares, you should carefully read the entire prospectus, including our financial statements and the related notes included elsewhere in this prospectus. You should also consider, among other things, the matters described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case appearing elsewhere in this prospectus. Unless otherwise stated, all references to "us," "our," "Aptorum," "we," the "Company," the "group" and similar designations refer to Aptorum Group Limited, a Cayman Islands exempted company with limited liability, and its consolidated subsidiaries on or after March 1, 2017; prior to March 1, 2017, these designations refer to Aptorum Group Limited as a single entity. See Note 1 to our consolidated financial statements as of the six months ended June 30, 2018 and ten months ended December 31, 2017 included elsewhere in this prospectus.

Overview

We are a Hong Kong based pharmaceutical company currently in the preclinical stage, dedicated to developing and commercializing a broad range of therapeutic and diagnostic technologies to tackle unmet medical needs. We have obtained exclusive licenses for our technologies. In addition, we are also developing certain proprietary technologies as product candidates. We are pursuing therapeutic and diagnostic projects (including projects seeking to use extracts or derivatives from natural substances to treat diseases) in neurology, infectious diseases, gastroenterology, oncology and other disease areas. We also have projects focused on surgical robotics. (See "Our Business – Lead Projects and Other Projects under Development – Lead Projects" and "Our Business – Lead Projects and Other Projects under Development – Other Projects under Development") Also, we opened a medical clinic, AML Clinic, in June 2018. Its initial focus is on treatment of chronic diseases resulting from modern sedentary lifestyles and aging population.

Although none of our drug or device candidates has yet been approved for testing in humans, our goal is to develop a broad range of early stage novel therapeutics and diagnostics across a wide range of disease/therapeutic areas. Key components of our strategy for achieving this goal include: (for details of our strategy, see "Our Business – Our Strategy")

- Developing therapeutic and diagnostic innovations across a wide range of disease/therapeutic areas;
- Selectively expanding our portfolio with potential products that may be able to attain orphan drug designation and/or satisfy current unmet medical needs;
- Collaborating with leading academic institutions and CROs;
- Expanding our in-house pharmaceutical development center;
- Leveraging our management's expertise, experience and commercial networks;
- Strategically developing opportunities in Hong Kong to promote access to the PRC market; and
- Obtaining and leveraging government grants to fund project development.

We intend to devote a significant percentage of our resources, including a substantial portion of the proceeds of this Offering, to three therapeutic projects ("Lead Projects"). The drug candidates being advanced as the Lead Projects are NLS-1, ALS-1 and ALS-4, described in further detail below. If the results of the remaining preclinical studies of these drug candidates are positive, we expect to be able to submit by 2020 or 2021 an Investigational New Drug Application ("IND") for at least one of these candidates to the U.S. Food and Drug Administration ("FDA") or an equivalent application to the regulatory authorities in one or more other jurisdictions such as the China Food and Drug Administration ("CFDA") and/or the European Medicines Agency ("EMA"). Acceptance of these applications by the relevant regulatory authority would enable the Company to begin testing that drug candidate in humans in that jurisdiction. Our ability to obtain any approval of such applications is entirely dependent upon the results of our preclinical studies, none of which have yet been completed.

Our current business consists of “therapeutics” and “non-therapeutics” segments. However, our focus is on the therapeutics segments. Because of the risks, costs and extended development time required for successful drug development, we have determined to pursue projects within our non-therapeutics segments, such as AML Clinic, to provide some interim revenue and medical robots that may be brought to market and generate revenue more quickly.

Therapeutics Segment. In our therapeutics segment (“Aptorum Therapeutics Group”), we are currently seeking to develop various drug molecules (including projects seeking to use extracts or derivatives from natural substances to treat diseases) and certain technologies for the treatment (“therapeutics”) and diagnosis (“diagnostics”) of human disease conditions in neurology, infectious diseases, gastroenterology, oncology and other disease areas. In addition, we are seeking to identify additional prospects which may qualify for potential orphan drug designation (e.g., rare types of cancer) or which address other current unmet medical needs. Aptorum Therapeutics Group is operated through Aptorum’s wholly-owned subsidiary, Aptorum Therapeutics Limited, a Cayman Islands exempted company with limited liability, whose principal place of business is in Hong Kong and its indirect subsidiary companies (who we sometimes refer to herein as project companies), whose principal places of business are also in Hong Kong.

Non-Therapeutics Segment. The non-therapeutics segment (“Aptorum Non-Therapeutics Group”) encompasses two businesses: (i) the development of surgical robotics and medical devices and (ii) AML Clinic. The development of surgical robotics and medical devices business is operated through Signate Life Sciences Limited, a subsidiary of Aptorum Therapeutics Limited. The outpatient clinic is operated through our subsidiary, Aptorum Medical Limited. Effective as of March 2018, we leased office space in Central, Hong Kong as the home to our medical clinic (“AML Clinic”). AML Clinic commenced operations under the name of Talem Medical in June 2018. The estimated operating expenses under full capacity operation is to be no more than USD90,000 per month. The clinic is expected to reach operating profit in 18 months from the clinic reaching its full operating capacity upon (i) the successful recruitment of a minimum of six full time physicians (AML Clinic currently has one full time physician and three part time physicians) and (ii) establishing steady patients flow via brand development. (See “Our Business – Lead Projects and Other Projects under Development – Other Projects under Development – Aptorum Medical Limited - AML Clinic”)

The Company has already obtained opportunities resulting in our existing licensing agreements from various contractual relationships that we have entered into, including service/consulting agreements with some of the world’s leading specialists and clinicians in our areas of interest, with academic institutions and organizations, and with contract research organizations (“CROs”). We anticipate that these relationships will generate additional licensing opportunities in the future. In addition, we have established and are continuing to expand our in-house research facilities (collectively, the “R&D Center”) to develop some of our drug and device candidates internally and to collaborate with third-party researchers.

Prior to March 2017, the Company had pursued passive healthcare related investments in early stage companies primarily in the United States. However, we have since ceased pursuing further passive investment operations and intend to exit all such portfolio investments over an appropriate timeframe to focus resources on our current business.

Aptorum's Lead Projects

Based on evaluation of preliminary data by our Scientific Assessment Committee and our consideration of a number of factors including substantial unmet needs, benefits over existing therapies, potential market size, competition in market, the Company have decided to prioritize our resources in developing our three Lead Projects, namely, ALS-1, ALS-4 and NLS-1, among all our projects under development. Overall, our rationale for selecting Lead Projects was not based on any mechanical formula or rigid selection criteria, but instead focused on a combination of the factors and individual attributes of the Lead Projects themselves.

Drug and Device Candidates									
Projects	Candidate / Modality	Indication	Development Stage						
			Target Identification & Selection	Lead Discovery	Lead Optimization	IND-Enabling	Phase 1	Phase 2	Phase 3
ALS-1	Small molecule	Treatment of viral infections caused by Influenza virus A							
ALS-4	Small molecule	Treatment of bacterial infections caused by Staphylococcus aureus including MRSA							
NLS-1	Small molecule	Treatment of Endometriosis							

For the definition of different stages of development, such as Target Identification & Selection, Lead Discovery, Lead Optimization, etc., please refer to page 72.

ALS-1: Small molecule intended for the treatment of viral infections caused by Influenza virus A

Professor Richard Kao (Inventor of ALS-1, Founder and Principal Investigator of Acticule) was the first to identify nucleoprotein ("NP") as an effective drug target (Nature Biotechnology. 28:600-605) for the treatment of viral infections caused by Influenza virus A. It is hypothesized that Influenza A NP is an essential protein for the proliferation of the influenza virus. ALS-1 is a novel small drug molecule which targets viral NP and triggers the aggregation of NP, which prevents the aggregated NP from entering the nucleus. ALS-1 is designed to target a broad range of NP variants. We are exploring ALS-1 as a potential treatment for viral infections caused by Influenza virus A. It is currently at the Lead Optimization Stage to optimize its drug-like properties.

Market size of target indication

Influenza can cause severe illness or death especially in people with high risk. Globally, the annual epidemics are estimated to result in about 3 to 5 million cases of severe influenza infections, causing about 290,000 to 650,000 deaths each year[1]. The market for influenza drugs is huge, the total influenza therapeutics market is expected to swell to US$1.2 billion globally by 2025, from US$600 million in 2016[2]. Specifically, ALS-1 is a drug that targets Influenza virus A, a highly contagious respiratory illness caused by infection with virus. Around 50%-80% of influenza infections are type A[3].

Significant unmet medical needs and benefits over existing treatments

The emergence of antiviral drug resistance in influenza virus is a major concern for treatment of same. ALS-1 targets a broad range of NP variants. As NP is essential to the replication of influenza virus, by disrupting NP, ALS-1 aims to suppress viral replication. Compared with the currently marketed antiviral drugs for which the viruses have acquired extensive resistance, ALS-1 acts on a completely different therapeutic target.

1 World Health Organization, "Influenza (Seasonal)", World Health Organization, 31 January 2018, http://www.who.int/en/news-room/fact-sheets/detail/influenza-(seasonal)

2 Bloomberg News, "New Drugs Are Coming to Fight Nasty Flu", February 9, 2018, https://www.bloomberg.com/news/articles/2018-02-08/flu-relief-is-coming-as-successors-to-aging-tamiflu-near-market

3 World Health Organization, "Global circulation of influenza viruses", Influenza Laboratory Surveillance Information generated on 28/08/2018 21:28:47 UTC by the Global Influenza Surveillance and Response System (GISRS), http://apps.who.int/flumart/Default?ReportNo=6

ALS-4: Small molecule for the treatment of bacterial infections caused by Staphylococcus aureus including Methicillin-resistant Staphylococcus aureus ("MRSA")

ALS-4 is a small drug molecule which appears to target the products produced by bacterial genes that facilitate the successful colonization and survival of the bacterium in the body or that cause damage to the body's systems. These products of bacterial genes are referred to as "virulence expression". Targeting bacterial virulence is an alternative approach to antimicrobial therapy that offers promising opportunities to overcome the emergence and increasing prevalence of antibiotic-resistant bacteria.

ALS-4 is directed to a novel drug target, an enzyme essential for Staphylococcus aureus (including MRSA) survival in vivo. We believe that the product of this enzyme promotes Staphylococcus aureus (including MRSA) survival by shielding the bacteria from the attack by the immune system. ALS-4 may have particular value if it can be shown to be an effective therapy in situations where a Staphylococcus aureus infection is resistant to available antibiotics (i.e., where the pathogen is MRSA).

ALS-4 is at present under active development for the treatment of bacterial infections caused by Staphylococcus aureus including MRSA. It is currently at the Lead Optimization stage to optimize its drug-like properties. A U.S. provisional patent application was filed for the underlying technology, but it was expired; we filed a U.S. non-provisional application and a PCT application which claimed priority to the U.S. provisional application. We do have an exclusive license for the above U.S. non-provisional application and PCT application with respect to ALS-4.

Market size of target indication

Staphylococcus aureus is a commensal bacterium, meaning that it infects about 30% of the human population without causing symptoms or harm. A study shows that as many as 53 million people worldwide carry MRSA, which is one of the most commonly identified antibiotic-resistant pathogens.[4] In its symptomatic form, it is one of the five most common causes of hospital-acquired infections and is often the cause of wound infections following surgery. For example, in the U.S. alone, approximately 126,000 hospitalizations are due to MRSA yearly, where severe MRSA infections occur in approximately 94,000 people each year and are associated with approximately 19,000 deaths[5]. Global MRSA drugs market generated US$2.97 billion of revenue in globally 2016, and the global market for MRSA drugs is estimated to reach US$3.91 billion by the end of 2025[6].

Significant unmet medical needs and benefits over existing treatments

Staphylococcus aureus commonly causes skin infections including abscesses, respiratory infections such as sinusitis, and food poisoning. Existing treatments for Staphylococcus aureus consist of antibiotics administered to kill the bacteria. However, MRSA is a type of Staphylococcus aureus that causes particularly difficult-to-treat infections in humans. Nicknamed to be a "Super Bug," MRSA is a major hospital acquired pathogen that causes severe morbidity and mortality worldwide. MRSA has developed resistance to many common antibiotics that once destroyed it. It is now resistant to methicillin, amoxicillin, penicillin, oxacillin, and many other common antibiotics and may overtime develops resistance to other new antibiotics.

ALS-4 does not work as a typical antibiotic but instead targets virulence expression without direct bactericidal properties to kill the bacteria. It presents an alternative treatment to antimicrobial therapy and offers promising opportunities to overcome the emergence and increasing prevalence of antibiotic-resistant bacteria. Specifically, ALS-4 appears to inhibit the production of staphyloxanthin (i.e., a virulence factor that would escape from the host immune system) without killing the bacteria, and thereby enabling the immune system to clear MRSA, which may provide a novel treatment for Staphylococcus aureus infections and MRSA.

4 Roche, "Roche's Annual Report 2017", https://www.roche.com/dam/jcr:78519d71-10af-4e02-b490-7b4648a5edb8/en/ar17e.pdf

5 Charles Patrick Davis, Melissa Conrad Stöppler, "MRSA", November 9, 2017, eMedicineHealth, https://www.emedicinehealth.com/mrsa_infection/article_em.htm#how_common_is_mrsa

6 Market Research Reports Search Engine (MRRSE), "Global Methicillin-resistant Staphylococcus Aureus (MRSA) Drugs Market Analysis and Forecast Predictions", HEALTHCAREDIVE, https://www.healthcaredive.com/press-release/20180405-global-methicillin-resistant-staphylococcus-aureus-mrsa-drugs-market-anal/

NLS-1: A Derivative of Epigallocatechin-3-Gallate ("Pro-EGCG") for the treatment of Endometriosis

NLS-1, a drug molecule derived from natural products (green tea), is currently under development for the treatment of endometriosis, a disease in which the tissue that normally lines the uterus (endometrium) grows outside the uterus. It can grow on the ovaries, fallopian tubes, bowels, or bladder. Rarely, it grows in other parts of the body. Many studies have assessed the applications of EGCG, a naturally occurring molecule extracted from green tea, for the treatment of endometriosis in vitro and in animal models. (Hum Reprod. 2014 29(8):1677; Hum Reprod. 2013 28(1):178; Fertil Steril. 2011 96(4):1021). For example, in a mouse model, Ricci et al (Hum Reprod. 2013 28(1):178) demonstrated that EGCG brought a statistically significant reduction in the mean number and the volume of established lesions compared with the control group without treatment. The treatment diminished cell proliferation in a statistically significant manner, reduced vascular density and increased apoptosis within the lesions. EGCG induced reduction in human EEC proliferation and increased apoptosis in primary cultures. Matsuzaki and Darcha (Hum Reprod. 2014 29(8):1677) also showed that EGCG prevented the progression of fibrosis in endometriosis in an animal model.

However, the attractiveness of EGCG as a drug candidate has been diminished by its chemical and metabolic instability (Hum Reprod. 2014 29(8):1677; Angiogenesis. 2013 16(1):59). The Company's drug candidate, NLS-1 is supposed to overcome these challenges. NLS-1 is an EGCG derivative synthesized by acetylation of the reactive hydroxyl groups, which appears to prevent generation of reactive phenoxide anions and radicals for dimerization and metabolism, thereby overcoming the chemical and metabolic instability of EGCG.

NLS-1 is under active development for the treatment of endometriosis. It is currently under lead optimization to optimize its drug-like properties.

Market size of target indication

Endometriosis affects an estimated approximately 176 million women in the world (approximately 1 in 10 women during their reproductive years)[7]. It is estimated that 30-40% of women with endometriosis are subject to risk of infertility and may develop complications during pregnancy[8,9]. The market for the treatment of endometriosis across the seven major countries (U.S., France, Germany, Italy, Spain, the U.K., and Japan), is approximately $1.72 billion in 2015. It is expected to grow to just over $2 billion across the seven major countries by 2025[10].

Significant unmet medical needs and benefits over existing treatments

Endometriosis is a condition where tissue that normally lines inside of uterus grows outside of it, and would often cause pelvic pain and infertility to the patient. At present, endometriosis is usually treated with hormonal therapy (including Gonadotropin-releasing hormone), which is a non-invasive therapy to slow growth of endometrial tissue growth and prevent new implants of endometrial tissue. However, hormone-based therapy often causes adverse side effect, such as menopausal symptoms, infertility, bone density loss, higher risk of osteoporosis, mood swings, hair loss, etc., and is not a permanent cure as the symptoms may return after stopping of treatment. Surgery can be effective to remove endometriosis lesions and scar tissue, but success rates are dependent on the extent of disease and are invasive.

In view of the above, a non-invasive drug without the current side effects of hormone-based therapy are highly desirable to the market, and NLS-1 could address this unmet need. NLS-1 is a drug molecule derived from natural extracts and offers a potential non-hormonal treatment of endometriosis. As demonstrated in animal models, NLS-1 exhibits the following attributes in these studies: (i) statistically significant inhibition against development, growth and angiogenesis of uterine tissue, and (ii) statistically significant reduction of lesions compared with EGCG and other conventional hormone-based therapy.

7 ENDOMETRIOSIS.org, "Facts about endometriosis", http://endometriosis.org/resources/articles/facts-about-endometriosis/

8 Washington University Physicians, "Endometriosis", https://fertility.wustl.edu/getting-started-infertility/infertility-factors/endometriosis/

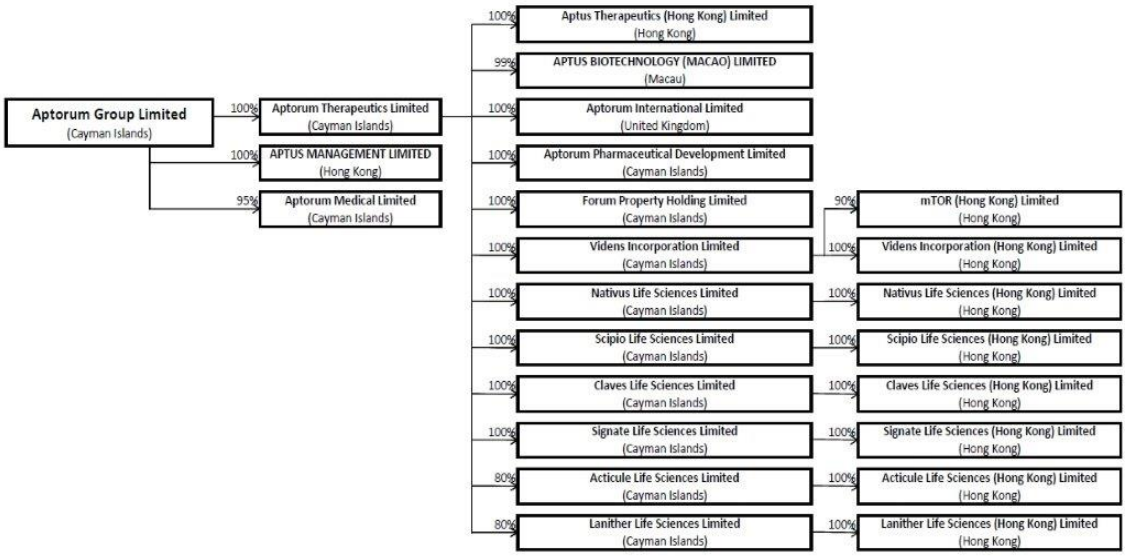
9 J. Fisher M. Kirkman, "Endometriosis and fertility: women's accounts of healthcare", Human Reproduction, Volume 31, Issue 3, March 1, 2016, Pages 554–562, January 11, 2016, https://doi.org/10.1093/humrep/dev337

10 GlobalData, "Endometriosis Market Expected to Surpass $2 Billion by 2025", November 11, 2016, R&D, https://www.rdmag.com/news/2016/11/endometriosis-market-expected-surpass-2-billion-2025

Our Structure

The following diagram illustrates our corporate structure as of the date of this prospectus. For more details regarding our corporate history and current structure, please refer to "Corporate History and Background" appearing on page 86 of this prospectus.

Prior to the completion of this Offering, and as long as our officers and directors, either individually or in the aggregate, own at least 50% of the voting power of our Company, we will be a "controlled company" as defined under NASDAQ Marketplace Rules. However, even if we qualify as a "controlled company" after the Offering, we do not intend to rely on the controlled company exemption provided under NASDAQ Marketplace Rules. To that extent, we have set up the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee, all of which consist solely of independent directors and adopted a charter for each committee.



Controlled Company

Prior to the completion of this Offering, and as long as our officers and directors, either individually or in the aggregate, own at least 50% of the voting power of our Company, we will be a "controlled company" as defined under NASDAQ Marketplace Rules. If we raise the minimum offering amount, we will continue to be a "controlled company"; if we raise the maximum offering amount, we will continue to be a "controlled company."

For so as we are a controlled company under that definition, we are permitted to elect to rely, and may rely, on certain exemptions from corporate governance rules, including:

- an exemption from the rule that a majority of our board of directors must be independent directors;
- an exemption from the rule that the compensation of our chief executive officer must be determined or recommended solely by independent directors; and
- an exemption from the rule that our director nominees must be selected or recommended solely by independent directors.

As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

Although we do not intend to rely on the "controlled company" exemption under the Nasdaq listing rules, we could elect to rely on this exemption in the future. If we elect to rely on the "controlled company" exemption, a majority of the members of our board of directors might not be independent directors and our nominating and corporate governance and compensation committees might not consist entirely of independent directors. (See – Risk Factor "***As a "controlled company" under the rules of the NASDAQ Global Market, we may choose to exempt our company from certain corporate governance requirements that could have an adverse effect on our public shareholders."***)

Risks Associated with Our Business

Investing in our Class A Ordinary Shares involves risks. You should carefully consider the risks described in "Risk Factors" beginning on page 13 of this prospectus before making a decision to purchase Class A Ordinary Shares. If any of these risks actually occurs, our business, financial condition or results of operations would likely be materially adversely affected. In such case, the trading price of our Class A Ordinary Shares would likely decline, and you may lose all or part of your investment.

Recent Financings

The Series A Note Offering

On May 15, 2018, we closed a private financing with certain investors (the "Series A Note Investors") who purchased an aggregate of approximately $1,600,400 Series A convertible notes, at a purchase price of $10,000 per note (the "Series A Notes"), pursuant to a note purchase agreement. Some of the Series A Note Investors are either affiliates of the Company or "related persons," as such term is defined in Item 404 of Regulation S-K (See "Transactions with Related Persons" and "Selling Shareholders"). We refer to this private placement transaction as the "Series A Note Offering." The Series A Note Investors entered into a lock-up agreement, pursuant to which they agreed not to sell or otherwise transfer or dispose the Series A Notes or the Class A Ordinary Shares underlying the Series A Notes during the six-month period commencing on the date our Class A Ordinary Shares commence trading on NASDAQ Global Market. The Series A Notes will automatically convert into Class A Ordinary Shares at the closing of the Offering and at the commencement of trading our Class A Ordinary Shares on NASDAQ Global Market at a conversion price equal to a 56% discount to the actual price per Class A Ordinary Share ("Conversion Price") in this Offering. As a result, the investors in this Offering will experience immediate dilution when the Series A Notes are automatically converted. (See "Risk Factors – You will experience immediate and substantial dilution as a result of this Offering and may experience additional dilution in the future")

One of the underwriters in this Offering, Boustead, also served as a placement agent for the Series A Note Offering and received: (i) a cash success fee of $68,516 and (ii) warrants to purchase a number of Class A Ordinary Shares equal to 5.5% of the number of Class A Ordinary Shares issuable upon conversion of the Series A Notes, at an exercise price per share equal to the Conversion Price, subject to adjustment (the "Series A Note PA Warrants"). The Series A Note PA Warrants are also exercisable on a cashless basis, at the holder's discretion. Boustead also participated in the Series A Note Offering as an investor with a purchase of Series A Notes in the amount of $150,000.

The issuance and sale of Series A Notes, Series A Note PA Warrants, and the underlying Class A Ordinary Shares to the Series A Note Investors and the placement agent in the Series A Note Offering were made in reliance on an exemption from registration contained in either Regulation D or Regulation S of the Securities Act of 1933, as amended (the "Securities Act"). The securities sold in the Series A Note Offering are not registered by the registration statement of which this prospectus is a part and have not been registered under the Securities Act, and may be offered or sold only pursuant to an effective registration statement or pursuant to an available exemption from the registration requirements of the Securities Act. However, the Series A Note Investors have piggyback registration rights with respect to the Class A Ordinary Shares underlying the Series A Notes that entitle the Series A Note Investors to request their securities be included in a future Securities Act registration statement, after this Offering, subject to certain exceptions and conditions. However, we decided to include the Class A Ordinary Shares underlying the Series A Notes and the Series A Note PA Warrants in this registration statement.

The Bond Offering

On April 6, 2018, we entered into a subscription agreement (the "Bond Subscription Agreement") with Peace Range Limited ("Peace Range"), a company incorporated under the laws of the British Virgin Islands and wholly-owned special purpose vehicle of Adamas Ping An Opportunities Fund L.P. Adamas Ping An Opportunities Fund L.P. is the third fund from Adamas Asset Management (HK) Limited ("Adamas") and the first fund from the joint venture between Adamas and Yun Sheng Capital Company Limited, a subsidiary of Ping An Insurance (Group) Company of China, Limited and is advised by Ping An Capital Company Limited. Pursuant to the Bond Subscription Agreement, we issued Peace Range a $15,000,000 convertible bond (the "Bond" and the "Bond Offering"), minus a structuring fee equal to 2% of the principal amount of the Bond, on April 25, 2018. We also agreed to pay certain expenses, up to an aggregate limit of $250,000, incurred by Peace Range in connection with the Bond Offering. The closing of the transaction contemplated by the Bond Subscription Agreement and the issuance of the Bond are subject to standard closing conditions, which may be satisfied or waived by the impacted party. The Bond earns interest at the rate of 8% per annum, payable semi-annually. The payment of the Bond is guaranteed by our holding company, Jurchen Investment Corporation ("Jurchen"), a company wholly-owned by our CEO, Ian Huen (See "Transactions with Related Persons – Share Transfer: Change in direct substantial shareholders of the Company"), pursuant to a deed of guarantee (the "Guarantee"). In addition, the repayment of the principal of the Bond and interest payables is secured by a fund we set aside in a debt service reserve account, with the funds in the debt service reserve account to be released in an amount pro rata to the principal amount of the Bond being converted. The Bond shall mature on the twelfth calendar month following the issuance date, or with prior written consent of the holders of the Bond, the business day falling six calendar months thereafter. 10% of the principal amount of the Bond shall be automatically converted into our Class A Ordinary Shares upon the closing of this Offering and the rest of the Bond is convertible at the option of the holder commencing on the closing of this Offering until the earlier of the date falling 12 calendar months after the maturity of the Bond and the date falling 12 calendar months after the closing of this Offering. We closed the Bond Offering on April 25, 2018 and issued a Bond to Peace Range pursuant to the Bond Subscription Agreement.

The Bond Subscription Agreement, including the terms and conditions of the Bond, is attached as Exhibit 10.19 to this prospectus. The parties to the Bond Subscription Agreement also entered into a Share Charge and Account Charge to perfect the security interest created under the Bond Subscription Agreement; such agreements are attached as Exhibit 10.20 and 10.22, respectively to this prospectus. (See "Description of Share Capital – Convertible Bond")

One of the underwriters in this Offering, Boustead, also served as a placement agent for the Bond Offering and received (i) a cash success fee of $600,000 and (ii) warrants to purchase a number of Class A Ordinary Shares equal to 5.5% of the number of Class A Ordinary Shares issuable upon conversion of the Bond, at an exercise price equal to a 23% discount to this Offering price, subject to adjustment (the "Bond PA Warrants"). The Bond PA Warrants are exercisable on a cashless basis. China Renaissance Securities (HK) Limited ("China Renaissance") also served as a placement agent for the Bond Offering; for such services, China Renaissance received a cash success fee of $150,000.

As a result, the investors in this Offering will experience immediate dilution when the Bond is automatically converted. (See "Risk Factors – You will experience immediate and substantial dilution as a result of this Offering and may experience additional dilution in the future")

Our Securities

Our authorized share capital is divided into Class A Ordinary Shares and Class B Ordinary Shares prior to the completion of this Offering. Holders of Class A Ordinary Shares and Class B Ordinary Shares have the same rights except for voting and conversion rights. In respect of matters requiring a shareholder vote, each Class A Ordinary Share will be entitled to one vote and each Class B Ordinary Share will be entitled to ten votes. Due to the Class B Ordinary Share's voting power, the holders of Class B Ordinary shares currently and may continue to have a concentration of voting power, which limits the holders of Class A Ordinary Shares' ability to influence corporate matters. (See "Risk Factors - ***Our Class B Ordinary Shares have stronger voting power than our Class A Ordinary Shares and certain existing shareholders have substantial influence over our Company and their interests may not be aligned with the interests of our other shareholders and holders of our Series A Notes and the Bond.")*** Each Class B Ordinary Share is convertible into one Class A Ordinary Share at any time by the holder thereof. Class A Ordinary Shares are not convertible into Class B Ordinary Shares under any circumstances. (See "Description of Share Capital")

Unless the context requires otherwise, all references to the number of shares of Class A and Class B Ordinary Shares to be outstanding after our initial public offering is based on 7,678,621 Class A Ordinary Shares (including the Class A Ordinary Shares issued upon the automatic conversion of Series A Notes and automatic conversion of 10% of Bonds) and 22,437,754 Class B Ordinary Shares outstanding as of November 15, 2018, and excludes (a) up to 12,664 Class A Ordinary Shares reserved for issuance upon exercise of the Series A Note PA Warrants, (b) up to 1,109,285 Class A Ordinary Shares reserved for issuance upon optional conversion of the balance of the Bond issued in the Bond Offering if the holder chooses to convert, (c) up to 67,790 Class A Ordinary Shares reserved for issuance upon exercise of the Bond PA Warrants, and (d) 5,500,000 Class A Ordinary Shares reserved for issuance under our 2017 Share Option Plan (the "Option Plan"), which was adopted on October 13, 2017.

Unless otherwise indicated, all information in this prospectus assumes a price to the public in this Offering of $15.80 per share.

Corporate Information

Our principal executive office is located on the 17th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong. Our telephone number is +852 2117 6611.

Our website is www.aptorumgroup.com. **The information on our website is not part of this prospectus.**

Implications of Being an Emerging Growth Company

We qualify as an "emerging growth company" as defined in the JOBS Act. As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act");
- the ability to include only two years of audited financial statements in addition to any required interim financial statements and correspondingly reduced disclosure in management's discussion and analysis of financial condition and results of operations in the registration statement for this Offering of which this prospectus forms a part; and
- to the extent that we no longer qualify as a foreign private issuer, (1) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and (2) exemptions from the requirements of holding a non-binding advisory vote on executive compensation, including golden parachute compensation.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company upon the earliest to occur of (1) the last day of the fiscal year in which we have more than $1.0 billion in annual revenue; (2) the date we qualify as a "large accelerated filer" with at least $700 million of equity securities held by non-affiliates; (3) the issuance, in any three-year period, by our Company of more than $1.0 billion in non-convertible debt securities; and (4) the last day of the fiscal year ending after the fifth anniversary of this Offering. We may choose to take advantage of some but not all of these exemptions. For example, Section 107 of the JOBS Act provides that an emerging growth company can use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. We are choosing to elect to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(2) of the JOBS Act, which allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold equity securities.

Implications of Being a Foreign Private Issuer

We are also considered a "foreign private issuer." In our capacity as a foreign private issuer, we are exempted from certain rules under the U.S. Securities Exchange Act of 1934, as amended ("Exchange Act"), that impose certain disclosure obligations and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our Class A Ordinary Shares. Moreover, we are not required to file periodic reports and financial statements with the U.S. Securities and Exchange Commission ("SEC"), as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. In addition, we are not required to comply with Regulation FD, which restricts the selective disclosure of material information.

We may take advantage of these exemptions until such time as we are no longer a foreign private issuer. We would cease to be a foreign private issuer at such time when more than 50% of our outstanding voting securities are held by U.S. residents and any of the following three circumstances applies: (1) the majority of our executive officers or directors are U.S. citizens or residents; (2) more than 50% of our assets are located in the United States; or (3) our business is administered principally in the United States.

We have taken advantage of certain reduced reporting and other requirements in this prospectus. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold equity securities.

Notes on Prospectus Presentation

Numerical figures included in this prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them. Certain market data and other statistical information contained in this prospectus is based on information from independent industry organizations, publications, surveys and forecasts. Some market data and statistical information contained in this prospectus are also based on management's estimates and calculations, which are derived from our review and interpretation of the independent sources listed above, our internal research and our knowledge of pharmaceutical industry. While we believe such information is reliable, we have not independently verified any third-party information and our internal data has not been verified by any independent source.

Accordingly, actual events or circumstances may differ materially from events and circumstances that are assumed in this information and you are cautioned not to give undue weight to such data.

Offering Summary	
Issuer:	**Aptorum Group Limited**
Securities being Offered by us	Up to 1,898,734 Class A Ordinary Shares
Securities being Offered by Selling Shareholders	Up to 1,543,245 Class A Ordinary Shares. The Selling Shareholders named herein may sell Resale Shares from time to at a fixed price equal to the Offering Price until the Class A Ordinary Shares are listed on NASDAQ and thereafter, the Selling Shareholders will be able sell their Class A Ordinary Shares at prevailing market prices or privately negotiated prices. We will not receive any proceeds from the sales by the Selling Shareholders. Resale Shares include: (1) 1,232,539 Class A Ordinary Shares underlying the Bond; (2) 67,790 Class A Ordinary Shares underlying the Bond PA Warrants; (3) 230,252 Class A Ordinary Shares underlying the Series A Notes; and (4) 12,664 Class A Ordinary Shares underlying the Series A Note PA Warrants.
Price per Share	The purchase price for the Class A Ordinary Shares will be $15.80 per share.
Class A Ordinary Shares Outstanding before the Offering	5,426,381
Class A Ordinary Shares Outstanding following the consummation of the Offering	7,678,621, not including any Class A Ordinary Shares underlying the warrants issued to the placement agent or underwriters.
Amount of the Offering	up to $30,000,000
Symbol	We plan to apply to list our Class A Ordinary Shares on the NASDAQ Global Market under the symbol APM
Transfer Agent	Continental Stock Transfer & Trust Company
Use of Proceeds	We estimate that we will receive net proceeds from this Offering of up to $27 million, based on an initial offering price of $15.80, after deducting underwriting discounts and commissions and estimated offering expenses. We currently intend to use the net proceeds we receive from this Offering for general corporate purposes. See “Use of Proceeds” for additional information.
Risk Factors	Investing in our Class A Ordinary Shares involves a high degree of risk and purchasers of our Class A Ordinary Shares may lose part or all of their investment. See “Risk Factors” for a discussion of factors you should carefully consider before deciding to invest in our Class A Ordinary Shares beginning on Page 13.
Lock-Up	The Series A Note Investors and the Bond holder agreed to a lock-up period of six (6) months and ninety (90) calendar days, respectively from the effective date of this prospectus and when our Class A Ordinary Shares commence trading on NASDAQ Global Market. In addition, our directors, executive officers, and substantially all of our existing shareholders are expected to enter into a lock-up agreement with the Underwriters not to sell, transfer or dispose of any Class A Ordinary Shares for a period of 180 days after the effective date of this prospectus. See “Shares Eligible for Future Sale,” “Underwriting” and “Lock-Up Agreements.”
Dividend Policy	We have no present plan to declare dividends and plan to retain our earnings to continue to grow our business.
Voting Rights	Shares of Class A Ordinary Share are entitled to one vote per share. Shares of Class B Ordinary Share are entitled to ten votes per share. Holders of our Class A Ordinary Share and Class B Ordinary Share will generally vote together as a single class, unless otherwise required by law. Mr. Ian Huen, who after our initial public offering will control more than 75% of the voting power of our outstanding ordinary share, will have the ability to control the outcome of matters submitted to our shareholders for approval, including the election of our directors. See “Description of Share Capital.”

Summary Financial Data

The following summary statements of operations (predecessor basis) for the year ended December 31, 2016 and for the period January 1, 2017 through February 28, 2017, as well as the related consolidated statements of operations and comprehensive loss (successor basis) for the period March 1, 2017 through December 31, 2017, have been derived from our audited financial statements included elsewhere in this prospectus. The related consolidated statements of operations and comprehensive income (loss) (successor basis) for the period March 1, 2017 through June 30, 2017 and period January 1, 2018 through June 2018 have been derived from our unaudited financial statements included elsewhere in this prospectus.

Our management believes that the assumptions underlying our financial statements and the above allocations are reasonable. Our financial statements, however, may not necessarily reflect our results of operations, financial position and cash flows as if we had operated as a separate, stand-alone company during the periods presented. You should not view our historical results as an indicator of our future performance.

The following table presents our summary statements of operations (predecessor basis) for the year ended December 31, 2016 and the period January 1, 2017 through February 28, 2017.

Selected Statements of Operations (Predecessor Basis)
(In U.S. Dollars)

	Year Ended December 31, 2016	January 1, 2017 through February 28, 2017
Investment income:		
Dividend income from unaffiliated issuers	$ 57,642	$ -
Interest income	28,800	3,011
Total investment income	86,442	3,011
Expenses		
General and administrative fees	79,750	17,516
Management fees	641,807	108,958
Legal and professional fees	106,031	98,646
Other operating expenses	50,646	1,907
Total expenses	878,234	227,027
Net investment loss	$ (791,792)	$ (224,016)
Realized and unrealized losses		
Net realized losses on investments in unaffiliated issuers	$ (840,485)	$ (15,327)
Net change in unrealized depreciation on investments	(502,238)	(386,741)
Net realized and unrealized losses	(1,342,723)	(402,068)
Net decrease in net assets resulting from operations	$ (2,134,515)	$ (626,084)

The following table presents our summary consolidated statement of operations and comprehensive loss (successor basis) for the period March 1, 2017 through December 31, 2017, period March 1, 2017 through June 30, 2017 and period January 1, 2018 through June 30, 2018.

Selected Consolidated Statement of Operations and Comprehensive Income (Loss) (Successor Basis)
(In U.S. Dollars, except number of shares)

	Ten Months Ended December 31, 2017	Four Months Ended June 30, 2017 (Unaudited)	Six Months Ended June 30, 2018 (Unaudited)
Revenue:			
Healthcare services income	$ -	$ -	$ 26,662
Expenses:			
Costs of healthcare services	-	-	22,749
Research and development expenses	2,560,323	459,198	1,342,179
General and administrative fees	1,480,093	384,743	2,238,025
Legal and professional fees	1,395,490	116,501	1,063,032
Other operating expenses	257,177	8,147	235,413
Total expenses	5,693,083	968,589	4,901,398
Other income (loss):			
Gain on investments in marketable securities, net	3,912,500	171,250	-
Loss on investments in derivatives, net	(827,501)	(272,873)	(359,844)
Interest income (expense), net	44,269	30,605	(301,362)
Dividend income	2,308	2,308	-
Total other income (loss), net	3,131,576	(68,710)	(661,206)
Net loss	(2,561,507)	(1,037,299)	(5,535,942)
Less: net loss attributable to non-controlling interests	(14,045)	(8,893)	(47,570)
Net loss attributable to Aptorum Group Limited	$ (2,547,462)	$ (1,028,406)	$ (5,488,372)
Net loss per share – basic and diluted*	$ (0.09)	$ (0.04)	$ (0.20)
Weighted-average shares outstanding – basic and diluted	26,963,435	25,674,321	27,864,135
Net loss	$ (2,561,507)	$ (1,037,299)	$ (5,535,942)
Other comprehensive (loss) income			
Unrealized (loss) gain on investments in available-for-sale securities	(367,782)	3,778,586	(178,027)
Exchange differences on translation of foreign operations	-	-	167
Other comprehensive (loss) income	(367,782)	3,778,586	(177,860)
Comprehensive (loss) income	(2,929,289)	2,741,287	(5,713,802)
Less: comprehensive loss attributable to non-controlling interests	(14,045)	(8,893)	(47,570)
Comprehensive (loss) income attributable to the shareholders of Aptorum Group Limited	$ (2,915,244)	$ 2,750,180	$ (5,666,232)

* The shares and per share data are presented at a weighted average basis to reflect the nominal share issuance.

The following table presents our summary consolidated balance sheet (successor basis) as of June 30, 2018 and December 31, 2017.

	As of December 31, 2017	As of June 30, 2018 (Unaudited)
Cash and restricted cash	$ 16,725,807	$ 22,927,198
Total current assets	20,283,399	26,371,722
Total assets	31,559,982	41,465,225
Total current liabilities	1,330,734	16,783,641
Total liabilities	1,330,734	16,949,778
Total equity attributable to the shareholders of Aptorum Group Limited	30,243,293	24,628,788
Non-controlling interests	(14,045)	(113,341)
Total equity	30,229,248	24,515,447
Total liabilities and equity	$ 31,559,982	$ 41,465,225

RISK FACTORS

Investing in our Class A Ordinary Shares involves a high degree of risk. You should carefully consider the following risks and all other information contained in this prospectus, including our financial statements, consolidated financial statements and the related notes, before making an investment decision regarding our securities. The risks and uncertainties described below are those significant risk factors, currently known and specific to us that we believe are relevant to an investment in our securities. If any of these risks materialize, our business, financial condition or results of operations could suffer, the price of our Class A Ordinary Shares could decline and you could lose part or all of your investment.

Risks Related to Our Financial Position and Need for Additional Capital

We are a Hong Kong based pharmaceutical company, currently in the preclinical stage with a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

As of March 1, 2017, Aptorum Group Limited was restructured into its current form as an operating company (the "Restructure"). Prior to that, Aptorum Group Limited was formerly known as APTUS Holdings Limited and STRIKER ASIA OPPORTUNITIES FUND CORPORATION, which was set up on September 13, 2010, and invested primarily in U.S.-based life sciences companies on a portfolio investment basis.

We have not yet demonstrated the ability to initiate or successfully complete large-scale and pivotal clinical trials, obtain regulatory approvals, manufacture drugs at commercial scales, or arrange for others to do so on our behalf, or conduct sales and marketing activities necessary for successful commercialization. We have not yet obtained regulatory approval for, or demonstrated an ability to commercialize any of our drug candidates. We have no products approved for commercial sale and have not generated any revenue from product sales. Consequently, any forecasts or assumptions regarding our future success or viability may not be as accurate as they could be if we had a longer operating history.

For example, one of our major focuses is the discovery and development of innovative imaging agents for diagnosing early stage Alzheimer's disease and related neurodegenerative diseases. Our limited operating history, particularly in light of the rapidly evolving Alzheimer's research and treatment field, may make it difficult to evaluate our current business and prospects for future performance. Our short history subjects any assessment of our future performance to significant uncertainty. We will encounter risks and difficulties that are frequently experienced by early stage companies in rapidly evolving fields, as we seek to transition into a company which is capable of supporting commercial activities. In addition, as a new business, we may be more likely to encounter unforeseen expenses, difficulties, complications and delays due to our limited experience. If we do not address these risks and difficulties successfully, our business will be adversely affected.

We currently do not generate revenue from product sales and may never become profitable; unless we can raise more capital through additional financings, of which there can be no guarantee, our principal source of revenue will be from AML Clinic, which may not be substantial.

Our ability to generate revenue and become profitable depends upon our ability to successfully complete the development of, and obtain the necessary regulatory approvals for, the drug candidates in our Lead Projects and any future drug candidates we may develop, as we do not currently have any drugs that are available for commercial sale. We expect to continue to incur losses before commercialization of our drug candidates and any future drug candidates. None of our drug candidates has been approved for marketing in the U.S., Europe, the PRC or any other jurisdictions and may never receive such approval. Our ability to generate revenue and achieve profitability is dependent on our ability to complete the development of our drug candidates and any future drug candidates we develop in our portfolio, obtain necessary regulatory approvals, and have our drugs products under development manufactured and successfully marketed, of which there can be no guarantee. Although AML Clinic commenced operations in June 2018 and we expect to receive some revenue from such operations, even at full capacity, AML Clinic may not bring enough revenue to support our operation and R&D. Thus, we may not be able to generate a profit until our drug candidates become profitable.

Even if we receive regulatory approval and marketing authorization for one or more of our drug candidates or one or more of any future drug candidates for commercial sale, a potential product may not generate revenue at all unless we are successful in:

- developing a sustainable and scalable manufacturing process for our drug candidates and any approved products, including establishing and maintaining commercially viable supply relationships with third parties;
- launching and commercializing drug candidates following regulatory approvals and marketing authorizations, either directly or with a collaborator or distributor;
- obtaining market acceptance of our drug candidates as viable treatment options;
- addressing any competing technological and market developments;
- negotiating and maintaining favorable terms in any collaboration, licensing or other arrangement into which we may enter to commercialize drug candidates for which we have obtained required approvals and marketing authorizations; and
- maintaining, protecting and expanding our portfolio of IP rights, including patents, trade secrets and know-how.

In addition, our ability to achieve and maintain profitability depends on timing and the amount of expenses we will incur. Our expenses could increase materially if we are required by the FDA, CFDA, EMA or other comparable regulatory authorities to perform studies in addition to those that we currently have anticipated. Even if our drug candidates are approved for commercial sale, we anticipate incurring significant costs associated with the commercial launch of these products.

Our ability to become and remain profitable depends on our ability to generate revenue. Even if we are able to generate revenues from AML Clinic or the sale or sublicense of any products we may develop or license, we may not become profitable on a sustainable basis or at all. Our failure to become and remain profitable would decrease the value of our Company and adversely affect the market price of our Class A Ordinary Shares, which could impair our ability to raise capital, expand our business or continue our operations, and may cause you to lose all or part of your investment.

AML Clinic's operations may be our principal source of revenue for the foreseeable future and most likely, without additional financing, such revenue will not be sufficient for us to carry out all of our plans.

As stated above, we have not generated any revenue and do not foresee generating any revenue from our drug candidates in the near future. As stated elsewhere in this prospectus, effective as of March 2018, we leased the property in Central, Hong Kong that is the home to AML Clinic, which commenced operations in June 2018.

Until our therapeutic candidates produce revenue, our principal source of revenue shall be from AML Clinic, but we cannot guarantee that it will provide the expected revenue, and even if expected revenue is realized, it will not be sufficient by itself to fund our other operations. Based on the above, we will need to seek additional financing to carry out our business and meet our goals.

We expect to incur net losses in each period for the foreseeable future primarily due to ongoing research and development costs.

Product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that a drug or device candidate will fail to gain regulatory approval and/or achieve commercial viability and acceptance by patients, doctors and payors.

We have devoted most of our financial resources to research and development, including licensing fees, sponsored research expenses and our preclinical studies and CMC costs. We have not obtained marketing approvals or generated any revenue from product sales to date, and we continue to incur significant development and other expenses related to our ongoing operations. As a result, we are not profitable and have incurred losses in each period since our inception. For the six months ended June 30, 2018 and ten months ended December 31, 2017, we reported a consolidated net loss of $5.54 million and $2.56 million, respectively. For the two-months ended February 28, 2017, we reported a net loss of $0.63 million based on entity level. For the twelve months ended December 31, 2016, we reported a net loss of $2.13 million. Substantially all of our operating expenses in 2017 and 2016 were related to ongoing administrative costs and research and development costs. In relation to fiscal 2018 and onwards, we expect Aptorum Group to continue to incur net operating losses from costs incurred in connection with our research and development programs and from general and administrative costs associated with our operations.

We expect to continue to incur losses in the foreseeable future, and we expect these losses to increase as we continue the development of and request for regulatory approvals for our drug and device candidates (in particular, for our drug candidates), and begin to commercialize the approved drugs, if any. Typically, it takes almost ten years to develop a new drug from "discovery to commercialization." We may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may increase our expenses and adversely affect our ability to generate revenue. The size of our future net losses will depend, in part, on the rate of future growth of our expenses, our ability to generate revenues and the timing and amount of milestones and other required payments in connection with our potential future arrangements with others. If any of our drug or device candidates fail in clinical trials or do not gain regulatory approval, or if approved, fail to achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our prior losses and expected future losses have had, and will continue to have, an adverse effect on our shareholders' equity and working capital.

We expect our R&D expenses to continue to be significant in connection with our continued investment in our ongoing and preclinical development and studies for our current drug and device candidates and any future drug candidates we may develop. Furthermore, if we obtain regulatory approval for our drug and device candidates, we expect to incur increased sales and marketing expenses. In addition, once we are a public company, we will incur additional costs associated with operating as a public company. As a result, we expect to continue to incur significant and increasing operating losses and negative cash flows for the foreseeable future. Such losses have had and will continue to have a material adverse effect on our shareholders' equity, financial position, cash flows and working capital.

We need to obtain additional financing to fund our future operations. If we are unable to obtain such financing, we may be unable to complete the development and commercialization of our current or future drug candidates.

According to a 2014 Pew Trust article (http://www.pewtrusts.org/en/research-and-analysis/articles/2014/03/12/from-lab-bench-to-bedside-a-backgrounder-on-drug-development), "Moving a potential therapy from concept to market can take between 10 and 15 years and cost developers as much as $1 billion." Furthermore, a 2018 news release from the FDA (https://www.fdanews.com/articles/185475-new-big-data-study-from-mit-puts-clinical-trial-success-rate-at-14-percent) reported an MIT study concluding that, in the United States, one-in-seven (approximately 14%) of all drugs that enter clinical trials after approval of an IND filing eventually win marketing approval from the FDA.

We have financed our operations with a combination of existing equity from shareholders, equity and debt offerings, as well as public grants. Until December 31, 2017, we raised approximately $8.6 million in equity financing, bringing the total equity invested in the Group to $30.2 million as of December 31, 2017. As of the date hereof, we have not received any upfront payment or milestone payment from third parties who may sublicense our drug candidates. Our drug candidates will require the completion of regulatory review, significant marketing efforts and substantial investment before they can provide us with any revenue from product sales or licensing.

Our operations have consumed substantial amounts of cash since inception. The net cash used for our operating activities was $6.32 million, $5.78 million, $0.27 million and $2.81 million for the six months ended June 30, 2018, the ten months ended December 31, 2017, the two months ended February 28, 2017 and the year ended December 31, 2016, respectively. We expect to continue to spend substantial amounts on discovering new drug candidates, licensing assets, advancing the development of our drug candidates, completion of clinical supply manufacturing and manufacturing activities at commercial scales, and launching and commercializing any drug candidates for which we receive regulatory approval, including building our own commercial organizations to address certain markets. We need to obtain additional financing to fund our future operations, including completing the development and commercialization of the drug candidates in our Lead Projects: NLS-1, ALS-1 and ALS-4. We need to obtain additional financing to conduct additional preclinical studies and clinical trials for the approval of our drug candidates, and completing the development of any additional drug candidates we discover and/or license. Moreover, our fixed expenses such as rents, interest expenses and other contractual commitments are substantial and are expected to increase in the future.

Our future funding requirements will depend on many factors, including but not limited to:

- the progress, timing, scope and costs of our future preclinical development and clinical trials, including the ability to timely enroll patients in clinical trials;
- the outcome, timing and cost of regulatory approvals by the FDA, CFDA, EMA and comparable regulatory authorities, including any additional studies we may be required to perform;
- the cost of commercialization of our drug candidates;
- the cost and timing of completion of clinical supply and our outsourced manufacturing activities at commercial scales;
- our ability to successfully incubate and commercialize our drug candidates;
- the amount of profit we earn from drug candidates that we succeed in commercializing, if any, including the sales prices for such potential products and the availability of adequate third-party reimbursement;
- the amount and timing of the milestone and royalty payments we may receive from collaborators under licensing or sublicensing arrangements we may enter into in the future, if any;
- the cost of filing, prosecuting, defending and enforcing any patent claims and other IP rights, including those which we have licensed from other parties;
- the expenses associated with any potential future collaborations, licensing or other arrangements that we may establish;
- cash requirements of any future acquisitions and the development of other drug candidates;
- the costs of operating as a public company;
- the time and cost necessary to respond to technological and market developments; and
- the number and characteristics of drug candidates that we may develop and expenses associated with such developments.

We may finance our future cash needs through public or private equity offerings and debt financings, as well as asset licenses or sales or business combination or other restructuring transactions that generate cash for operations.

Although we believe that the net proceeds from this Offering, together with cash on hand and the proceeds of our recent Note and Bond offerings, will be sufficient for us to continue to operate for the next 12 months, we may utilize our capital resources sooner than we expect. However, such capital will not be sufficient to enable us to complete the preclinical development or commercial launch of our current drug candidates. In addition, development of other drug candidates will require substantial additional funds. Accordingly, we will require further funding which may not be available to us on reasonable terms, or at all. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or completely abandon our research and development programs or future commercialization efforts. Our inability to obtain additional funding when we needed could seriously harm our business.

We may allocate our limited resources to pursue a particular drug candidate or indication and fail to capitalize on drug candidates or indications 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 focus our licensing, research and development programs on specific drug candidates that we identify as more likely in the current environment to achieve success. As a result, we may be forced to forego or delay pursuit of opportunities with other drug candidates or for other indications or services that may later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. In addition, if we do not accurately evaluate the commercial potential or target market for a particular drug 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 drug candidate.

Risks Related to the Preclinical and Clinical Development of Our Drug Candidates

We depend substantially on the success of the drug candidates being researched as our current Lead Projects, which are in the preclinical stage of development. The preclinical development, IND-enabling, and clinical trials of our drug candidates may not be successful. If we are unable to license or sublicense, sell or otherwise commercialize our drug candidates, or experience significant delays in doing so, our business will be materially harmed.

Our business and the ability to generate revenue related to product sales, if ever achieved, will depend on the successful development, regulatory approval and licensing or sublicensing or other commercialization of our drug candidates or any other drug candidates we may develop. We have invested a significant amount of financial resources in the development of our drug candidates and we expect to invest in other drug candidates. The success of our drug candidates and any other potential drug candidates will depend on many factors, including but not limited to:

- successful enrollment in, and completion of, studies in animals and clinical trials;
- other parties' ability in conducting our clinical trials safely, efficiently and according to the agreed protocol;
- receipt of regulatory approvals from the FDA, CFDA, EMA and other comparable regulatory authorities for our drug candidates;
- our ability to establish commercial manufacturing capabilities by making arrangements with third-party manufacturers;
- reliance on other parties to conduct our clinical trials swiftly and effectively;
- launch of commercial sales of our drug candidates, if and when approved;
- obtaining and maintaining patents, trade secrets and other IP protection and regulatory exclusivity, as well as protecting our rights in our own IP;
- ensuring that we do not infringe, misappropriate or otherwise violate patents, trade secrets or other IP rights of other parties;
- obtaining acceptance of our drug candidates by doctors and patients;
- obtaining reimbursement from third-party payors for our drug candidates, if and when approved;
- our ability to compete with other drug candidates and drugs; and
- maintenance of an acceptable safety profile for our drug candidates following regulatory approval, if and when received.

We may not achieve regulatory approval and commercialization in a timely manner or at all. Significant delays in obtaining approval for and/or to successfully commercialize our drug candidates would materially harm our business and we may not be able to generate sufficient revenues and cash flows to continue our operations.

We may not be successful in our efforts to identify or discover additional drug candidates. Due to our limited resources and access to capital, we must continue to prioritize development of certain drug candidates; such decisions may prove to be wrong and may adversely affect our business.

Although we intend to explore other therapeutic opportunities in addition to the drug candidates that we are currently developing, we may fail to identify other drug candidates for a number of reasons. For example, our research methodology may be unsuccessful in identifying potential drug candidates or those we identify may be shown to have harmful side effects or other undesirable characteristics that make them unmarketable or unlikely to receive regulatory approval.

Research programs to pursue the development of our drug candidates for additional indications and to identify new drug candidates and disease targets require substantial technical, financial and human resources whether or not we ultimately are successful. Our research programs may initially show promise in identifying potential indications and/or drug candidates, yet fail to yield results for clinical development for a number of reasons, including but not limited to:

- the research methodology used may not be successful in identifying potential indications and/or drug candidates;
- potential drug candidates may, after further study, be shown to have harmful adverse effects or other characteristics that indicate they are unlikely to be effective drugs; or
- it may take greater human and financial resources to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs than we will possess, thereby limiting our ability to diversify and expand our drug portfolio.

Because we have limited financial and managerial resources, we have chosen to focus at present on our three Lead Projects, which may ultimately prove to be unsuccessful. As a result of this focus, we may forego or delay pursuit of opportunities with other drug candidates, or for other indications that later prove to have greater commercial potential or a greater likelihood of success. Even if we determine to pursue alternative therapeutic or diagnostic drug candidates, these other drug candidates or other potential programs may ultimately prove to be unsuccessful. In short, our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities.

Accordingly, there can be no assurance that we will ever be able to develop suitable potential drug candidates through internal research programs. This could materially adversely affect our future growth and prospects.

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

While we have not commenced any clinical trials and do not expect to start our first clinical trials until at least 2020 or 2021, assuming we obtain approval to do so from at least one regulatory authority, of which there can be no assurance, timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who meet the trial criteria and remain in the trial until its conclusion. We may experience difficulties enrolling and retaining appropriate patients in our clinical trials for a variety of reasons, including but not limited to:

- the size and nature of the patient population;
- patient eligibility criteria defined in the clinical protocol;
- the size of study population required for statistical analysis of the trial’s primary endpoints;
- the proximity of patients to trial sites;
- the design of the trial and changes to the design of the trial;

- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- competing clinical trials for similar therapies or other new therapeutics exist and will reduce the number and types of patients available to us;
- clinicians' and patients' perceptions as to the potential advantages and side effects of the drug candidate being studied in relation to other available therapies, including any new drugs or treatments that may be approved for the indications we are investigating;
- our ability to obtain and maintain patient consents;
- patients enrolled in clinical trials may not complete a clinical trial; and
- the availability of approved therapies that are similar to our drug candidates.

Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient 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 drug candidates.

Clinical drug development involves a lengthy and expensive process and could fail at any stage of the process. We have limited experience in conducting clinical trials and results of earlier studies and trials may not be reproduced in future clinical trials.

For our drug candidates, clinical testing is expensive and can take many years to complete, while failure can occur at any time during the clinical trial process. The results of studies in animals and early clinical trials of our drug candidates may not predict the results of later-stage clinical trials. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through studies in animals and initial clinical trials. In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same drug candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations (including genetic differences), patient adherence to the dosing regimen and the patient dropout rate. Results in later trials may also differ from earlier trials due to a larger number of clinical trial sites and additional countries and languages involved in such trials. In addition, the design of a clinical trial can determine whether its results will support approval of a drug candidate, and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced and significant expense has been incurred.

A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of demonstrated efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. Clinical trials of potential products often reveal that it is not practical or feasible to continue development efforts. Furthermore, if the trials we conduct fail to meet their primary statistical and clinical endpoints, they will not support the approval from the FDA, CFDA, EMA or other comparable regulatory authorities for our drug candidates. If this occurs, we would need to replace the failed study with new trials, which would require significant additional expense, cause substantial delays in commercialization and materially adversely affect our business, financial condition, cash flows and results of operations. (See "We are subject to risks related to the carrying out and outcome of clinical trials of medical devices")

If clinical trials of our drug candidates fail to demonstrate safety and efficacy to the satisfaction of the FDA, CFDA, EMA or other comparable 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 drug candidates.

Before applying for and obtaining regulatory approval for the sale of any of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. Clinical testing is expensive, difficult to design and implement, can take many years to complete and may fail. A failure of one or more of our clinical trials can occur at any stage of testing and successful interim results of a clinical trial do not necessarily predict successful final results.

We and our CROs are required to comply with current Good Clinical Practices ("cGCP") requirements, which are regulations and guidelines enforced by the FDA, CFDA, EMA and other comparable regulatory authorities for all drugs in clinical development. Regulatory authorities enforce these cGCP through periodic inspections of trial sponsors, principal investigators and trial sites. Compliance with cGCP can be costly and if we or any of our CROs fail to comply with applicable cGCP, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, CFDA, EMA or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications.

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

- regulators, institutional review boards ("IRBs") or ethics committees may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- clinical trials of our drug candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon drug development programs;
- the number of patients required for clinical trials of our drug candidates may be larger than we anticipate, enrollment may be insufficient or slower than we anticipate or patients may drop out at a higher rate than we anticipate;
- our contractors and investigators may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- we might have to suspend or terminate clinical trials of our drug candidates for various reasons, including a lack of clinical response or a determination that participants are being exposed to unacceptable health risks;
- regulators, IRBs or ethics committees may require that we or our investigators suspend or terminate clinical research for various reasons, including non-compliance with regulatory requirements;
- the cost of clinical trials of our drug candidates may be greater than we anticipate;
- the supply or quality of our drug candidates or other materials necessary to conduct clinical trials of our drug candidates may be insufficient or inadequate; and
- our drug candidates may cause adverse events, have undesirable side effects or other unexpected characteristics, causing us, our investigators, or regulators to suspend or terminate the trials.

If we are required to conduct additional clinical trials or other testing of our drug candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our drug candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if they raise safety concerns, we may:

- be delayed in obtaining regulatory approval for our drug candidates;
- not obtain regulatory approval at all;
- obtain approval for indications that are not as broad as intended;
- have a drug removed from the market after obtaining regulatory approval;
- be subject to additional post-marketing testing requirements;
- be subject to restrictions on how a drug is distributed or used; or
- be unable to obtain reimbursement for use of a drug.

Delays in testing or approvals may result in increases in our drug development costs. We do not know whether any clinical trials will begin as planned, will need to be restructured, or will be completed on schedule, or at all. Clinical trials may produce negative or inconclusive results. Moreover, these trials may be delayed or proceed less quickly than intended. Delays in completing our clinical trials will increase our costs, slow down our drug candidate development and approval process, and jeopardize our ability to commence product sales and generate revenues and we may not have sufficient funding to complete the testing and approval process. Any of these events may significantly harm our business, financial condition and prospects, lead to the denial of regulatory approval of our drug candidates or allow our competitors to bring drugs to market before we do, impairing our ability to commercialize our drugs if and when approved.

Significant clinical trial delays also could shorten any periods during which we have the exclusive right to commercialize our drug candidates or allow our competitors to bring products to market before we do, impair our ability to commercialize our drug candidates and may harm our business and results of operations.

We may in the future conduct clinical trials for our drug candidates in sites outside the U.S. and the FDA may not accept data from trials conducted in such locations.

We may in the future conduct certain of our clinical trials outside the U.S. Although the FDA may accept data from clinical trials conducted outside the U.S. for our New Drug Application ("NDA"), acceptance of this data is subject to certain conditions imposed by the FDA. There can be no assurance the FDA will accept data from any of the clinical trials we conduct outside the U.S. If the FDA does not accept the data from any of our clinical trials conducted outside the U.S., it would likely result in the need for additional clinical trials in the U.S., which would be costly and time-consuming and could delay or prevent the commercialization of any of our drug candidates.

Risks Related to Obtaining Regulatory Approval for Our Drug Candidates

The regulatory approval processes of the FDA, CFDA, EMA and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable, and if we are ultimately unable to obtain regulatory approval for our current drug candidates or any future drug candidates we may develop, our business will be substantially harmed.

We cannot commercialize drug candidates without first obtaining regulatory approval to market each drug from the FDA, CFDA, EMA or comparable regulatory authorities. Before obtaining regulatory approvals for the commercial sale of any drug candidate for a target indication, we must demonstrate in studies in animals and well-controlled clinical trials, and, with respect to approval in the United States and other regulatory agencies, to the satisfaction of the FDA, CFDA, EMA or comparable regulatory authorities, that the drug candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate.

The time required to obtain approval from the FDA, CFDA, EMA and other comparable regulatory authorities is unpredictable but typically takes many years following the commencement of studies in animals 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 can differ among regulatory authorities and may change during the course of the development of a drug candidate. We have not obtained regulatory approval for any drug candidate. It is possible that neither our existing drug candidates nor any drug candidates we may discover or acquire for development in the future will ever obtain regulatory approval. Even if we obtain regulatory approval in one jurisdiction, we may not obtain it in other jurisdictions.

Our drug candidates could fail to receive regulatory approval from any of the FDA, CFDA, EMA or other comparable regulatory authorities for many reasons, including but not limited to:

- disagreement with regulators regarding the design or implementation of our clinical trials;
- failure to demonstrate that a drug candidate is safe and effective or safe, pure and potent for its proposed indication;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- failure to demonstrate that a drug candidate's clinical and other benefits outweigh its safety risks;
- disagreement with regulators regarding our interpretation of data from studies in animals or clinical trials;
- insufficiency of data collected from clinical trials of our drug candidates to support the submission and filing of a New Drug Application ("NDA"), or other submission or to obtain marketing approval;
- the FDA, CFDA, EMA or a comparable regulatory authority's finding of deficiencies related to the manufacturing processes or facilities of third-party manufacturers with whom we contract for clinical and commercial supplies; and
- changes in approval policies or regulations that render our preclinical studies and clinical data insufficient for approval.

Any of the FDA, CFDA, EMA or other comparable regulatory authorities may require more information, including additional preclinical studies or clinical data, to support approval, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program. If we were to obtain approval, regulatory authorities may approve any of our drug candidates for fewer or more limited indications than we request. Regulatory authorities also may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a drug candidate with a label that is not desirable for the successful commercialization of that drug candidate. In addition, if our drug candidate produces undesirable side effects or involves other safety issues, the FDA may require the establishment of a Risk Evaluation Mitigation Strategy ("REMS"), or CFDA, EMA or other comparable regulatory authorities may require the establishment of a similar strategy. Such a strategy may, for instance, restrict distribution of our drug candidates, require patient or physician education, or impose other burdensome implementation requirements on us.

Regulatory approval may be substantially delayed or may not be obtained for one or all of our drug candidates if regulatory authorities require additional time or studies to assess the safety or efficacy of our drug candidates.

We currently do not have any drug candidates that have gained approval for sale by the FDA, CFDA or EMA or other regulatory authorities in any other country, and we cannot guarantee that we will ever have marketable drugs. Our business is substantially dependent on our ability to complete the development of, obtain marketing approval for and successfully commercialize drug candidates in a timely manner. We cannot commercialize drug candidates without first obtaining marketing approval from the FDA, CFDA, EMA and comparable regulatory authorities. In the U.S., we hope to file INDs for the drug candidates from our Lead Projects and, subject to the approval of IND, Phase 1 clinical trials in humans. Even if we are permitted to commence such clinical trials, they may not be successful and regulators may not agree with our conclusions regarding the data generated by our clinical trials.

We may be unable to complete development of our drug candidates or initiate or complete development of any future drug candidates we may develop on our projected schedule. While we believe that the net proceeds of this Offering, together with existing cash, will likely enable us to complete the preclinical development of at least one of our current Lead Projects, even assuming we can complete such preclinical studies for any drug candidate by 2021, the full clinical development, manufacturing and launch of that drug candidate, will take significant additional time and likely require funding beyond the proceeds of this Offering. In addition, if regulatory authorities require additional time or studies to assess the safety or efficacy of our drug candidates, we may not have or be able to obtain adequate funding to complete the necessary steps for approval for our drug candidates or any future drug candidates.

Preclinical studies in animals and clinical trials in humans to demonstrate the safety and efficacy of our drug candidates are time-consuming, expensive and take several years or more to complete. Delays in preclinical or clinical trials, regulatory approvals or rejections of applications for regulatory approval in the U.S., Europe, the PRC or other markets may result from many factors, including but not limited to:

- our inability to obtain sufficient funds required to conduct or continue a trial, including lack of funding due to unforeseen costs or other business decisions;
- regulatory reports for additional analysts, reports, data, preclinical studies and clinical trials;
- failure to reach agreement with, or inability to comply with conditions imposed by the FDA, CFDA, EMA or other regulators regarding the scope or design of our clinical trials;
- regulatory questions regarding interpretations of data and results and the emergence of new information regarding our drug candidates or other products;
- delay or failure in obtaining authorization to commence a clinical trial or inability to comply with conditions imposed by a regulatory authority regarding the scope or design of a clinical trial;
- withdrawal of clinical trial sites from our clinical trials as a result of changing standards of care or the ineligibility of a site to participate in our clinical trials;
- unfavorable or inconclusive results of clinical trials and supportive non-clinical studies, including unfavorable results regarding effectiveness of drug candidates during clinical trials;
- difficulty in maintaining contact with patients during or after treatment, resulting in incomplete data;
- our inability to obtain approval from IRBs or ethics committees to conduct clinical trials at their respective sites;
- our inability to enroll and retain a sufficient number of patients who meet the inclusion and exclusion criteria in a clinical trial;
- our inability to conduct a clinical trial in accordance with regulatory requirements or our clinical protocols;
- clinical sites and investigators deviating from trial protocol, failing to conduct the trial in accordance with regulatory requirements, withdrawing from or dropping out of a trial, or becoming ineligible to participate in a trial;
- failure of our clinical trial managers to satisfy their contractual duties or meet expected deadlines;
- manufacturing issues, including problems with manufacturing or timely obtaining from third parties sufficient quantities of a drug candidate for use in a clinical trial;
- ambiguous or negative interim results, or results that are inconsistent with earlier results;

- feedback from the FDA, CFDA, EMA, an IRB, data safety monitoring boards, or comparable entities, or results from earlier stage or concurrent studies in animals and clinical trials, regarding our drug candidates, including which might require modification of a trial protocol;

- unacceptable risk-benefit profile or unforeseen safety issues or adverse side effects; and

- a decision by the FDA, CFDA, EMA, an IRB, comparable entities, or the Company, or recommendation by a data safety monitoring board or comparable regulatory entity, to suspend or terminate clinical trials at any time for safety issues or for any other reason.

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. Amendments may require us to resubmit clinical trial protocols to IRBs or ethics committees for re-examination, which may increase the costs or time required to complete a clinical trial.

If we experience delays in the completion of, or the termination of, a clinical trial, of any of our drug candidates, the commercial prospects of our drug candidates will be harmed, and our ability to generate product sales revenues from any of those drug candidates will be delayed. In addition, any delay in completing our clinical trials will increase our costs, slow down our drug candidate development and approval process, and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our drug candidates.

If we are required to conduct additional clinical trials or other studies with respect to any of our drug candidates beyond those that we initially contemplated, if we are unable to successfully complete our clinical trials or other studies or if the results of these studies are not positive or are only modestly positive, we may be delayed in obtaining regulatory approval for that drug candidate, we may not be able to obtain regulatory approval at all or we may obtain approval for indications that are not as broad as intended. Our product development costs will also increase if we experience delays in testing or approvals, and we may not have sufficient funding to complete the testing and approval process. Significant clinical trial delays could allow our competitors to bring their products to market before we do and impair our ability to commercialize our drugs, if and when approved. If any of this occurs, our business will be materially harmed.

Our drug candidates may cause undesirable adverse events or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following any regulatory approval.

Undesirable adverse events caused by our drug candidates or any future drug candidates we may develop 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 FDA, CFDA, EMA or other comparable regulatory authorities. Results of our potential clinical trials could reveal a high and unacceptable severity or prevalence of adverse effects. In such event, our trials could be suspended or terminated and the FDA, CFDA, EMA or other comparable regulatory authorities could order us to cease further development of, or deny approval of, our drug candidates for any or all target indications. Drug-related adverse events could also affect patient recruitment or the ability of enrolled subjects to complete the trial, could result in potential product liability claims and may harm our reputation, business, financial condition and business prospects significantly.

Additionally, if any of our current or future drug candidates receives regulatory approval, and we or others later identify undesirable side effects caused by such drugs, a number of potentially significant negative consequences could result, including but not limited to:

- suspending the marketing of the drug;

- having regulatory authorities withdraw approvals of the drug;

- adding warnings on the label;

- developing a REMS for the drug or, if a REMS is already in place, incorporating additional requirements under the REMS, or to develop a similar strategy as required by a comparable regulatory authority;

- conducting post-market studies;

- being sued and held liable for harm caused to subjects or patients; and

- damage to our reputation.

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

Even if we receive regulatory approval for our drug candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our drug candidates.

If our drug candidates or any future drug candidates we develop are approved, they will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy, and other post-market information, including both federal and state requirements in the United States and requirements of comparable regulatory authorities outside of the United States.

Manufacturers and manufacturers' facilities are required to comply with extensive requirements from the FDA, CFDA, EMA and comparable regulatory authorities, including, in the United States, ensuring that quality control and manufacturing procedures conform to cGMP regulations. As such, our contract manufacturers will be subject to continual review and inspections to assess compliance with cGMP and adherence to commitments made in any NDA, other marketing application, and previous responses to inspection observations. Accordingly, we and others with whom we work must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control.

Any regulatory approvals that we receive for our drug candidates may be subject to limitations on the approved indicated uses for which the drug may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase 4 clinical trials and surveillance to monitor the safety and efficacy of the drug candidate. The regulatory authorities may also require risk management plans or programs as a condition of approval of our drug candidates (such as REMS of the FDA and risk-management plan of the EMA), which could entail requirements for long-term patient follow-up, a medication guide, physician communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. In addition, if the FDA, CFDA, EMA or a comparable regulatory authority approves our drug candidates, we will have to comply with requirements including, for example, submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGCP and cGMP, for any clinical trials that we conduct post-approval.

The FDA may impose consent decrees or withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug reaches the market. Later discovery of previously unknown problems with our drug candidates, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling 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 REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of our drug candidates, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, untitled or warning letters, or holds on clinical trials;
- refusal by the FDA 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 drug candidates; and
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Companies may promote drugs only for the approved indications and in accordance with the provisions of the approved label and may not promote drugs for any off-label use, such as uses that are not described in the product's labeling and that differ from those approved by the regulatory authorities. However, physicians may prescribe drug products for off-label uses and such off-label uses are common across some medical specialties. Thus, they may, unbeknownst to us, use our product for an "off label" indication for a specific treatment recipient. The FDA, CFDA, EMA and other regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and if we are found to be out of compliance with the requirements and restrictions imposed on us under those laws and restrictions, we may be subject to significant liability, including civil and administrative remedies as well as criminal sanctions, and the off-label use of our products may increase the risk of product liability claims. In addition, management's attention could be diverted from our business operations and our reputation could be damaged.

The policies of the FDA, CFDA, EMA and other regulatory authorities may change and we cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any regulatory approval that we may have obtained and we may not achieve or sustain profitability.

We may be subject to government regulations for dietary supplements

The Company may develop some of the molecules under development in formulations intended as dietary supplements. The FDA regulates dietary supplements and drugs under different regulatory schemes, and the Company's dietary supplement formulations will also be subject to other government regulation, including regulation by the Centers for Medicare & Medicaid Services, or CMS, other divisions of the U.S. Department of Health and Human Services, state and local governments and the foreign equivalents of the FDA and these other agencies.

For example, the FDA regulates the research, development, preclinical and clinical testing, safety, effectiveness, record keeping, reporting, labeling, storage processing, formulation, safety, manufacturing, packaging, labeling, advertising and distribution import and export of pharmaceutical products under various regulatory provisions. If any dietary supplements we develop are tested or marketed abroad, they will also be subject to extensive regulation by foreign governments, whether or not we have obtained FDA approval for a given product and its uses. Such foreign regulation may be equally or more demanding than corresponding U.S. regulation.

In addition, the regulatory policies of the agencies in the U.S. or other countries may change and additional government regulations may be issued that could prevent, limit, or delay regulatory approval of our dietary supplement candidates, or impose more stringent product labeling and post-marketing testing and other requirements.

Risks Related to Commercialization of Our Drug Candidates

Even if any of our drug candidates receive regulatory approval, it may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success.

After we complete clinical trials and receive regulatory approval for any of our drug candidates, which may not happen for some time, we recognize that such candidate(s) may ultimately fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. We may not be able to achieve or maintain market acceptance of our products over time if new products or technology are introduced that are more favorably received than our products, are more cost effective or render our drug obsolete. We will face competition with respect to our drug candidates from other pharmaceutical companies developing products in the same disease/therapeutic area and specialty pharmaceutical and biotechnology companies worldwide. Many of the companies against which we may be competing have significantly greater financial resources and expertise in research and development, manufacturing, animal testing, conducting clinical trials, obtaining regulatory approvals and marketing approval for drugs than we do. Physicians, patients and third-party payors may prefer other novel products to ours, which means that we may not generate significant sales revenues for that product and that product may not become profitable. The degree of market acceptance of our drug candidates, if approved for commercial sale, will depend on a number of factors, including but not limited to:

- clinical indications for which our drug candidates are approved;
- physicians, hospitals, and patients considering our drug candidates as a safe and effective treatment;
- the potential and perceived advantages of our drug candidates over alternative treatments;
- the prevalence and severity of any side effects;
- product labeling or product insert requirements of the FDA, CFDA, EMA or other comparable regulatory authorities;
- limitations or warnings contained in the labeling approved by the FDA, CFDA, EMA or other comparable regulatory authorities;
- the timing of market introduction of our drug candidates as well as competitive drugs;
- the cost of treatment in relation to alternative treatments and their relative benefits;
- the availability of adequate coverage, reimbursement and pricing by third-party payors and government authorities;
- lack of experience and financial and other limitations on our ability to create and sustain effective sales and marketing efforts or ineffectiveness of our sales and marketing partners; and
- changes in legislative and regulatory requirements that could prevent or delay regulatory approval of our drug candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any drug candidates for which we obtain regulatory approval.

Risks Related to Our IP

A significant portion of our IP portfolio currently includes pending patent applications that have not yet been issued as granted patents and if the pending patent applications covering our product candidates fail to be issued, our business will be adversely affected. If we or our licensors are unable to obtain and maintain patent protection for our technology and drugs, our competitors could develop and commercialize technology and drugs similar or identical to ours, and our ability to successfully commercialize our technology and drugs may be adversely affected.

Our success depends largely on our ability to obtain and maintain patent protection and other forms of IP rights for the composition of matter, method of use and/or method of manufacture for each of our drug candidates. Failure to obtain, maintain protection, enforce or extend adequate patent and other IP rights could materially adversely affect our ability to develop and market one or more of our drug candidates. We also rely on trade secrets and know-how to develop and maintain our proprietary and IP position for each of our drug candidates. Any failure to protect our trade secrets and know-how with respect to any specific drug and device candidate could adversely affect the market potential of that potential product.

As of the date of the prospectus, the Company has, through its licenses, obtained rights to patents and patent applications covering some or all its drug and device candidates that have been filed in major jurisdictions such as the United States, member states of the European Patent Organization (the "EPO") and the PRC (collectively, "Major Patent Jurisdictions"), as well as in other countries. As of the date hereof, we are the exclusive licensee of 12 U.S. patents and 5 pending U.S. non-provisional applications, as well as corresponding patents and patent applications internationally. In addition, we are the exclusive licensee of 4 international patent applications under the Patent Cooperation Treaty (the "PCT") which we have filed and/or plan to file nationally in member states of the EPO, PRC and other jurisdictions before the expiration of the time limits for entry of national stage application. Moreover, we are the owner of 2 U.S. provisional patent applications. To the extent we do not seek or obtain patent protection in a particular jurisdiction, we may not have commercial incentive to seek marketing authorization in such jurisdiction. Nonetheless, other parties might enter those markets with generic versions or copies of our products and received regulatory approval without having significantly invested in their own research and development costs compared to the Company's investment. For more information about our IP portfolio, please refer to the Intellectual Property section below.

With respect to issued patents in certain jurisdictions, for example in the U.S. and under the EPO, we may be entitled to obtain a patent term extension to extend the patent expiration date provided we meet the applicable requirements for obtaining such patent term extensions. We have sought to support our proprietary position by working with our licensors in filing patent applications in the names of the licensors in the United States and through the PCT, related to the Lead Projects and certain other drug candidates. In the future, we intend to file patent applications on supplemental or improvement IP derived from the licensed technologies, where those IP would be solely or jointly owned by the Company pursuant to the terms of respective license agreements. Filing patents covering multiple technologies in multiple countries is time-consuming and expensive, and we may not have the resources file and prosecute all necessary or desirable patent applications in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection.

We cannot be certain that patents will be issued or granted with respect to patent applications that are currently pending, or that issued or granted patents will not later be found to be invalid or unenforceable.

The patent position of biotechnology and pharmaceutical companies is generally uncertain because it involves complex legal and factual considerations. The standards applied by the EPO, the U.S. Patent and Trademark Office, or USPTO, and foreign patent offices in granting patents are not always applied uniformly or predictably. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in biotechnology and pharmaceutical patents. Consequently, patents may not issue from our pending patent applications and even if they do issue, such patents may not issue in a form that effectively prevents others from commercializing competing products. As such, we do not know the degree of future protection that we will have on our proprietary products and technology.

Additionally, the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the United States and abroad. Even if patents do successfully issue and even if such patents cover our drug candidates, other parties may initiate, for patents filed before March 16, 2013 (i.e., the enactment of the America Invents Act), interference or re-examination proceedings, for patents filed on or after March 16, 2013, post-grant review, *inter partes* review, nullification or derivation proceedings, in court or before patent offices, or similar proceedings challenging the validity, enforceability or scope of such patents, which may result in the patent claims being narrowed or invalidated. Successful defense of its patents can constitute a material factor in a company's expenses. According to an August 2017 article published by Bloomberg News (https://www.bna.com/cost-patent-infringement-n73014463011/), depending on the value at stake, the American Intellectual Property Law Association's "2017 Report of the Economic Survey" reported the average cost of a patent litigation in 2017 to be $1.7 million.

In addition, the fact that the Company has exclusive rights to prevent others from using a patented invention does not necessarily mean that the Company itself will have the unrestricted right to use that invention. Other parties may obtain ownership or licenses to patents or other IP rights that cover the manufacture, use or sale of our current or future products (or elements thereof). This may enable such other parties to enforce their patents or IP rights against us, and may, as a result, affect the commercialization of our products or exploitation of our own technology. We endeavor to identify early patents and patent applications which may block development of a product or technology and minimize this risk by conducting prior art searches before and during the projects. However, relevant documents may be overlooked, yet-to-be published or missed, which may in turn impact on the freedom to commercialize the relevant asset. In such cases, we may not be in a position to develop or commercialize products or drug candidates unless we successfully pursue litigation to nullify or invalidate the other IP rights concerned, or enter into a license agreement with the IP right holder, if available on commercially reasonable terms.

If we are unable to obtain and maintain the appropriate scope for our patents, our competitors could develop and commercialize technology and drugs similar or identical to ours, and our ability to successfully commercialize our technology and drugs may be adversely affected.

We may not obtain sufficient claim scope in those patents to prevent another party from competing successfully with our drug and device candidates. Even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our patents by developing similar or alternative technology or drug and device candidates in a non-infringing manner. The issuance of a patent is not conclusive as to its scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in patent claims being narrowed, invalidated or held unenforceable, which could limit our ability to stop or prevent us from stopping others from using or commercializing similar or identical technology and drug and device candidates, or limit the duration of the patent protection of our technology and drug and device candidates. Given the amount of time required for the development, testing and regulatory review of new drug and device candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing drug and device candidates similar or identical to ours.

Further, the issuance, scope, validity, enforceability and commercial value of our and our current or future licensors' or collaboration partners' patent rights are highly uncertain. Our and our licensors' pending and future patent applications may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products.

We may not be able to protect and enforce our IP rights throughout the world.

Our commercial success will depend, in part, on our ability to maintain IP protection for our drug candidates in which we seek to develop and commercialize. While we rely primarily upon a combination of patents, trademarks, trade secrets and other contractual obligations to protect the IP related to our brands, products and other proprietary technologies, these legal means may afford only limited protection.

Filing and prosecuting patents on drug candidates and defending the validity of the same (if challenged) in all countries throughout the world could be prohibitively expensive for us, and our IP rights in countries outside the Major Patent Jurisdictions can be less extensive than those in the Major Patent Jurisdictions. In addition, the laws of some countries in the rest of the world such as India do not protect IP rights to the same extent as laws in the Major Patent Jurisdictions. Consequently, we may not be able to prevent other parties from practicing our inventions in the rest of the world. Competitors may use our technology in jurisdictions where we have not or not yet obtained patent protection to develop their own drugs and further, may export otherwise infringing drugs to non-U.S. jurisdictions where we have patent protection.

Our, our licensors' or collaboration partners' patent applications cannot be enforced against other parties practicing the technology claimed in such applications unless and until a patent issues from such applications, and then only to the extent the issued claims cover the technology. In addition, patents and other IP rights also will not protect our technology, drug candidates if another party, including our competitors, design around our protected technology, drug candidates without infringing, misappropriating or otherwise violating our patents or other IP rights.

Moreover, currently and as our R&D continues to progress, some of our patents and patent applications are or may be co-owned with another party. Some of our licenses already provide that future-developed technologies (and any resulting patents) will be co-owned with the licensors and other patents for technologies we may acquire or develop with other parties may also be jointly owned. If we are unable to obtain an exclusive license to any such co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other persons, including our competitors, and our competitors could market competing products and technology, and we will be unable to transfer or grant exclusive rights to potential purchasers or development partners of such co-owned technologies. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against other parties, and such cooperation may not be provided to us. Any of the foregoing could limit the revenue we might generate from our patents or patent applications and thus have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Because patent applications are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we or our licensors or collaborators were or will be the first to file any patent application related to a drug or device candidate. Furthermore, in the United States, if patent applications of other parties have an effective filing date before March 16, 2013, an interference proceeding can be initiated by such other party to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. If patent applications of other parties have an effective filing date on or after March 16, 2013, in the United States a derivation proceeding can be initiated by such other parties to determine whether our invention was derived from theirs.

Even where we have a valid and enforceable patent, we may not be able to exclude others from practicing our invention where the other party can show that they used the invention in commerce before our filing date or the other party benefits from a compulsory license. In addition, we may be subject to other challenges regarding our exclusive ownership of our IP. If another party were successful in challenging our exclusive ownership of any of our IP, we may lose our right to use such IP, such other party may be able to license such IP to other parties, including our competitors, and our competitors could market competing products and technology. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Many companies have encountered significant problems in protecting and defending IP rights in jurisdictions outside Major Patent Jurisdictions. The legal systems of some countries do not favor the enforcement of patents, trade secrets and other IP, which could make it difficult in those jurisdictions for us to stop the infringement or misappropriation of our patents or other IP rights, or the marketing of competing drugs in violation of our proprietary rights generally.

To date, we have not sought to enforce any issued patents in any jurisdictions. Proceedings to enforce our patent and other IP rights in any jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business.

Furthermore, such proceedings could put our patents at risk of being invalidated, held unenforceable, or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke other parties to assert claims of infringement or misappropriation against us. We may not prevail in any lawsuits that we initiate in jurisdictions where opposition proceedings are available and the damages or other remedies awarded, if any, may not be commercially meaningful. The requirements for patentability may differ in certain countries, particularly developing countries. Certain countries in Europe, the PRC, and developing countries including India, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to other parties. In those countries, we and our licensors may have limited remedies if patents are infringed or if we or our licensors are compelled to grant a license to another party, which could materially diminish the value of those patents. This could limit our potential revenue opportunities. Accordingly, our efforts to enforce our IP rights around the world may be inadequate to obtain a significant commercial advantage from the IP that we develop.

We may become involved in lawsuits to protect or enforce our IP, which could be expensive, time-consuming and unsuccessful. Our patent rights relating to our drug and device candidates could be found invalid or unenforceable if challenged in court or before the USPTO or comparable non-U.S. authority.

Competitors may infringe our patent rights or misappropriate or otherwise violate our IP rights. To counter infringement or unauthorized use, litigation may be necessary in the future to enforce or defend our IP rights, to protect our trade secrets or determine the validity and scope of our own IP rights or the proprietary rights of others. This can be expensive and time-consuming. Any claim that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their IP rights. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and/or defend their IP rights than we can. Accordingly, despite our efforts, we may not be able to prevent other parties from infringing upon or misappropriating our IP. Litigation could result in substantial costs and diversion of management resources, which could harm our business and financial results. In addition, in an infringement proceeding, a court may decide that patent rights or other IP rights owned by us are invalid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patent rights or other IP rights do not cover the technology in question. An adverse result in any litigation proceeding could put our patent, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with IP litigation, there is risk that some of our confidential information could be compromised by disclosure during this type of litigation.

If we initiate legal proceedings against another party to enforce our patent, or any patents that may be issued in the future from our patent applications, that relates to one of our drug and device candidates, the defendant could counterclaim that such patent rights are invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace, and there are numerous grounds upon which another party can assert invalidity or unenforceability of a patent. Parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include ex parte re-examination, *inter partes* review, post-grant review, derivation and equivalent proceedings in non-U.S. jurisdictions, such as opposition proceedings. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our drug and device candidates. With respect to the validity of our patents, for example, there may be invalidating prior art of which we, our patent counsel, 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 our drug and device candidates. Such a loss of patent protection could have a material adverse impact on our business.

We may not be able to prevent misappropriation of our trade secrets or confidential information, particularly in countries where the laws may not protect those rights as fully as in the United States. Furthermore, because of the substantial amount of discovery required in connection with IP litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

We may be subject to claims challenging the inventorship of our patents and other IP.

Although we are not currently experiencing any claims challenging the inventorship of our patents or ownership of our IP, we may in the future be subject to claims that former employees, collaborators or other parties have an interest in our patents or other IP as inventors or co-inventors. For example, we may have inventorship disputes arise from conflicting obligations of consultants or others who are involved in developing our drug and device candidates and who have not clearly contracted to transfer or assign any rights they may have to the Company. In addition, for our licensed patents, although a majority of our licensors have procured assignment forms and records from inventors to affirm their ownership in the licensed IP, another party or former employee or collaborator of our licensors not named in the patents may challenge the inventorship of claim an ownership interest in one or more of our or our licensors' patents. Litigation may be necessary to defend against these and other claims challenging inventorship. If we fail in defending any such claims, in addition to paying monetary damages, we may lose rights such as exclusive ownership of, or right to use, our patent rights or other IP. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

If we are sued for infringing IP rights of other parties, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our drug candidates, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.

Our commercial success depends in part on our avoiding infringement of the patents and other IP rights of other parties. There is a substantial amount of litigation involving patent and other IP rights in the biotechnology and pharmaceutical industries. Numerous issued patents, provisional patents and pending patent applications, which are owned by other parties, exist in the fields in which we are developing drug candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our drug candidates may give rise to claims of infringement of the patent rights of others.

Other parties may assert that we are employing their proprietary technology without authorization. There may be other patents of which we are currently unaware with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our drug candidates. Because patent applications can take many years to issue, there may be currently pending patent applications or provisional patents which may later result in issued patents that our drug candidates may infringe. In addition, other parties may obtain patents in the future and claim that use of our technology infringes upon these patents. If any other patents were held by a court of competent jurisdiction to cover the manufacturing process of any of our drug candidates, any molecules formed during the manufacturing process or any final drug itself, the holders of any such patents may be able to prevent us from commercializing such drug candidate unless we obtain a license under the applicable patents, or until such patents expire or they are finally determined to be held invalid or unenforceable. Similarly, if any other patent were held by a court of competent jurisdiction to cover aspects of our formulations, processes for manufacture or methods of use, including combination therapy or patient selection methods, the holders of any such patent may be able to block our ability to develop and commercialize the applicable drug candidate unless we obtain a license, limit our uses, or until such patent expires, or is finally determined to be held invalid or unenforceable. In either case, such a license may not be available on commercially reasonable terms or at all.

Other parties who bring successful claims against us for infringement of their IP rights may obtain injunctive or other equitable relief, which could prevent us from developing and commercializing one or more of our drug candidates. Defense of these claims, regardless of their merits, would involve substantial litigation expense and be a substantial diversion of employee resources from our business. In the event of a successful claim of infringement or misappropriation against us, we may have to pay substantial damages, including treble damages and attorneys' fees in the case of willful infringement, obtain one or more licenses from other parties, pay royalties or redesign our infringing drug candidates, which may be impossible or require substantial time and monetary expenditure. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from other parties to advance our research or allow commercialization of our drug candidates. Any required license may not be available at all, or may not be available on commercially reasonable terms. In the event that we are unable to obtain such a license, we would be unable to further develop and commercialize one or more of our drug candidates, which could harm our business significantly. We may also elect to enter into license agreements in order to settle patent infringement claims or resolve disputes prior to litigation, and any such license agreements may require us to pay royalties and other fees that could significantly reduce our profitability for any product related to that patent and thus harm our business.

Even if resolved in our favor, litigation or other legal proceedings relating to IP claims may cause us to incur significant expenses, and could distract our technical personnel, management personnel, or both from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our Class A Ordinary Shares. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

There may be patent applications pending of which we are not aware, but which cover similar products to the ones we are attempting to license or develop, which may result in lost time and money, as well as litigation.

It is possible that we have failed to identify relevant outstanding patents or applications. For example, U.S. applications filed before November 29, 2000 and certain U.S. applications filed after that date that will not be filed outside the United States remain confidential until patents are issued. Patent applications filed in the United States after November 29, 2000 and generally filed elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our products could have been filed by others without our knowledge. 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 the use of our products. Holders of any such unanticipated patents or patent applications may actively bring infringement claims against us, with the same potential litigation consequences as alluded to elsewhere in this Prospectus. Any of these events could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees on any issued patent are due to be paid to the USPTO and other patent agencies in several stages over the lifetime of the patent. The USPTO and various non-U.S. 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, there are situations in which 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 submit documents requesting an extension of time. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

The terms of our patents may not be sufficient to effectively protect our drug and device candidates and business.

In most countries in which we file, including the United States, the term of an issued patent is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country. Although various extensions may be available, the life of a patent and the protection it affords is limited. For example, depending upon the timing, duration and specifics of the FDA regulatory approval for our drug candidates, one or more of our U.S. patents, if issued, might be eligible for limited patent term restoration under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent term extension of up to five years as compensation for patent term lost during drug development and the FDA regulatory review process. Patent term extensions, however, cannot extend the remaining term of a patent beyond a total of 14 years from the date of drug approval by the FDA, and only one patent can be extended for a particular drug. The application for patent term extension is subject to approval by the USPTO, in conjunction with the FDA. We may not be granted an extension because of, for example, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain a patent term extension for a given patent or the term of any such extension is less than we request, the period during which we will have the right to exclusively market our drug will be that of the originally issued patents themselves.

Even if patents covering one of our drug candidates are obtained, thereby giving us a period of exclusivity for manufacturing and marketing that drug, we will not be able to assert such patent rights upon the expiration of the issued patents against potential competitors who may begin marketing generic copies of our medications, and our business and results of operations may be adversely affected.

Changes in patent law in the United States could diminish the value of patents in general, thereby impairing our ability to protect our drug and device candidates.

The United States has recently enacted and is currently implementing wide-ranging patent reform legislation. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents once obtained, if any. Depending on decisions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents in the United States could change in unpredictable ways that would weaken our ability to obtain new patents, or to enforce our existing patents and patents that we might obtain in the future. For example, in a recent case, *Assoc. for Molecular Pathology v. Myriad Genetics, Inc.*, the U.S. Supreme Court held that certain claims to naturally-occurring substances are not patentable. Although we do not believe that any of the patents owned or licensed by us will be found invalid based on this decision, future decisions by the courts, the U.S. Congress or the USPTO may impact the value of our patent rights. There could be similar changes in the laws of foreign jurisdictions that may impact the value of our patent rights or our other IP rights.

In addition, recent patent reform legislation in the U.S., including the Leahy-Smith America Invents Act, or the America Invents Act, could increase those uncertainties and costs. The America Invents Act was signed into law on September 16, 2011, and many of the substantive changes became effective on March 16, 2013. The America Invents Act reforms U.S. patent law in part by changing the U.S. patent system from a “first to invent” system to a “first inventor to file” system, expanding the definition of prior art, and developing a post-grant review system, thus changing the U.S. patent law in a way that may weaken our ability to obtain patent protection in the U.S. for those applications filed after March 16, 2013. Further, the America Invents Act created new procedures to challenge the validity of issued patents in the U.S., including post-grant review and *inter* partes review proceedings, which some other parties have been using to cause the cancellation of selected or all claims of issued patents of competitors. For a patent with an effective filing date of March 16, 2013 or later, a petition for post-grant review can be filed by another party in a nine-month window from issuance of the patent. A petition for *inter partes* review can be filed immediately following the issuance of a patent if the patent has an effective filing date prior to March 16, 2013. A petition for *inter partes* review can be filed after the nine-month-period for filing a post-grant review petition has expired for a patent with an effective filing date of March 16, 2013 or later. Post-grant review proceedings can be brought on any ground of invalidity, whereas *inter partes* review proceedings can only raise an invalidity challenge based on published prior art and patents. These adversarial actions at the USPTO review patent claims without the presumption of validity afforded to U.S. patents in lawsuits in U.S. federal courts, and use a lower burden of proof than used in litigation in U.S. federal courts. Therefore, it is generally considered easier for a competitor or other party to have a U.S. patent invalidated in a USPTO post-grant review or *inter partes* review proceeding than invalidated in a litigation in a U.S. federal court. If any of our patents are challenged by another party in such a USPTO proceeding, there is no guarantee that we or our licensors or collaborators will be successful in defending the patent, which would result in our loss of the challenged patent right.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to our issued patents, provisional patent, and pending patent applications, we expect to rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and protect our drug and device candidates. We seek to protect these trade secrets, 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 parties. We also enter into confidentiality and invention or patent assignment 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 trade secrets which are material to our business were to be obtained by a competitor, our competitive position would be harmed.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

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 IP, including trade secrets or other proprietary information, of any such employee's former employer. In addition, while we typically require our employees, consultants and contractors who may be involved in the development of IP to execute agreements assigning such IP to us, we may be unsuccessful in executing such an agreement with each party who in fact develops IP that we regard as our own, which may result in claims by or against us related to the ownership of such IP. We are not aware of any threatened or pending claims that any of our projects involve misappropriated IP or other proprietary information, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable IP rights. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

We may be unable to execute on the optimal development plan for one or more of our existing product candidates if we are unable to obtain or maintain necessary rights for some aspect of the developing technology through acquisitions or licenses.

Our existing programs currently use or may in the future use additional technologies subject to proprietary rights held by others, such as particular compositions or methods of manufacture, treatment or use. The licensing and acquisition of IP rights is a competitive area, and more established companies may pursue strategies to license or acquire such IP rights that we may consider necessary or useful. These established companies may have a competitive advantage over us due to their size, cash resources and greater capabilities in clinical development and commercialization.

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 IP rights on terms that would allow us to make an appropriate return on our investment. If we are unable to successfully obtain or maintain licenses or other rights from other parties to use IP of those parties, our business, financial condition and prospects for growth could suffer.

If we fail to comply with our obligations in the agreements under which we license IP rights from other parties or otherwise experience disruptions to our business relationships with our licensors, we could be required to pay monetary damages or could lose license rights that are important to our business.

Many of our projects (including our Lead Projects) are based on IP which we have licensed from other parties. (See "Our Business – Intellectual Property") Certain of these license agreements impose diligence, development or commercialization obligations on us, such as obligations to pay royalties on net product sales of our drug and device candidates once commercialized by us, to pay a percentage of sublicensing revenues if the licensed product is sublicensed, to make other specified milestone and/or annual payments relating to our drug candidates or to pay license maintenance and other fees, as well as obligations to pursue commercialization with due diligence. Specifically, a number of our license agreements also require us to meet development timelines in order to maintain the related license(s). In spite of our efforts, our licensors might conclude that we have materially breached our obligations under such license agreements and might therefore seek to terminate the license agreements. If one of our licensors, despite our efforts, were to be successful in terminating its agreement with us, we would not be able to continue to develop, manufacture or market any drug candidate under that license agreements, and we could face claims for monetary damages or other penalties under that agreement. Such an occurrence would diminish or eliminate the value of that project to our Company, even if we are able to negotiate new or reinstated agreements, which may have less favorable terms. Depending on the importance of the IP and the related project, any such development could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Moreover, disputes may arise regarding intellectual property subject to a licensing agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and
- the priority of invention of patented technology.

In addition, the agreements under which we currently license intellectual property or technology from other parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which (depending on the importance of the IP and the related project) could have a material adverse effect on our business, financial condition, results of operations, and prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangement for a project on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected drug or device candidates, which could have a material adverse effect on our business, financial conditions, results of operations, and prospects.

We may not have complete control of the preparation, filing and prosecution of patent applications, or to maintain patents, licensed by us from other parties.

The Company has in-licensed, and expects in the future to in-license patents owned or controlled by others for our use as part of our development plans. We also may out-license or sublicense patents which we own or control in collaborations with others for development and commercialization of our products. In either case, the continuing right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology under development is a matter for negotiation and we may not always be the party that obtains such control, in which case we will be reliant on our licensors, collaboration partners or sublicensees for determining strategies with respect to those patents. For our existing licenses, while we have an understanding with most of the licensors who maintain control over patent prosecution and we have jointly appointed and engaged patent agents nominated by us under one or more of our licenses, we cannot guarantee that such licensors or collaborators will always accept prosecution strategies proposed by us and/or our patent agents. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. If our current or future licensors or collaboration partners fail to establish, maintain or protect such patents and other IP rights, such rights may be reduced or eliminated. If our licensors or joint development partners are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised.

Risks Related to Our Reliance on Unrelated Parties

We rely on unrelated parties to conduct discovery and further improvement of our innovations and licensed technologies, as well as our preclinical studies and clinical trials. If these unrelated parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates, and our business could be substantially harmed.

We have relied upon and plan to continue to rely upon CROs and collaborating institutions to monitor and manage data for our ongoing preclinical studies and programs. We rely on these parties for execution of preclinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal, and regulatory requirements and scientific standards, and our reliance on the CROs and collaborating institutions does not relieve us of our regulatory responsibilities. If CROs, collaborating institutions or clinical investigators do not successfully carry out their contractual duties or obligations or meet expected deadlines, development of our product candidates could be delayed and our business could be adversely affected.

In addition, our CROs and collaborating institutions, 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 waste. In the event of contamination or injury resulting from our use of hazardous materials, we might be held liable for any resulting damages, and any liability could exceed our resources. We could also be subject to civil or criminal fines and penalties, and significant associated costs.

If the Company obtains approval of an IND for one of our drug candidates and moves into human clinical trials requiring significantly larger quantities of the candidate to be tested, we expect to rely on unrelated parties to manufacture supplies of that candidate. If those unrelated parties fail to provide us with sufficient quantities of clinical supply on that candidate or fail to do so at acceptable quality levels or prices, or fail to maintain required cGMP licenses, we may not be able to manufacture that candidate in sufficient quantities to conduct the necessary human trials. Should the failure by the CRO occur in anticipation of or after marketing approval of that candidate, we may be unable to generate as much revenue as rapidly (and such revenue may not be as profitable) as we had anticipated.

The manufacture of many drug products, particularly in commercial quantities, can be complex and may require significant expertise and capital investment, particularly if the development of advanced manufacturing techniques and process controls are required. If we obtain approval of an IND for any of our drug candidates, of which there can be no assurance, we intend to contract with outside contractors to manufacture clinical supplies and process our drug candidates. We have not yet had our drug candidates to be manufactured or processed on a commercial scale and may not be able to do so for any of our drug candidates.

As we expect to engage contract manufacturers, the Company will be exposed to the following risks:

- we might be unable to identify manufacturers on acceptable terms or at all because the FDA, CFDA, EMA or other comparable regulatory authorities must approve any manufacturers we determine to use and any potential manufacturer may be unable to satisfy federal, state or international regulatory standards;

- although we would be choosing manufacturers with the type of experience most suitable for our drug candidates, it is possible that our contract manufacturers may not be able to execute unique manufacturing procedures and other logistical support requirements we have developed and they might require a significant amount of support from us to implement and maintain the infrastructure and processes required to manufacture our particular drug candidates;

- our contract manufacturers might be unable to reproduce the quantity and quality of the drugs we need to meet our clinical and commercial needs within the time frames when we require those drugs;

- our contract manufacturers may breach their contracts with us, including by not performing as agreed or not devoting sufficient resources to our drug candidates, or they may not remain in the contract manufacturing business for the time required to supply our clinical trials or to successfully produce, store and distribute our products;

- even if initially accepted by regulatory authorities, a manufacturer remains subject to ongoing periodic unannounced inspection by regulatory authorities to ensure strict compliance with cGMP and other government regulations, and our contract manufacturers may fail to comply with these regulations and requirements, resulting in rescission of cGMP licenses and our inability to continue using their services, requiring us to find a replacement manufacturer;

- depending on the terms of our agreement with a manufacturer, we may not own, or may have to share, the IP rights to any improvements made by the manufacturer in the manufacturing process for our drug candidates; and

- our contract manufacturers may have unacceptable or inconsistent product quality success rates and yields.

Each of these risks could delay or prevent the completion of our clinical trials or the approval of any of our drug candidates by the FDA, CFDA, EMA or other comparable regulatory authorities, result in higher costs or adversely impact commercialization of our drug candidates.

We are also responsible for quality control by our manufacturers. We intend to rely on those unrelated-party manufactures to perform certain quality assurance tests on our drug candidates prior to delivery to patients. If these tests are not appropriately done and test data are not reliable, patients could be put at risk of serious harm and the FDA, CFDA, EMA or other comparable regulatory authorities could place significant restrictions on our Company until deficiencies are remedied.

Manufacturers of drug products often encounter difficulties in production, particularly in scaling up or out, validating the production process, and assuring high reliability of the manufacturing process (including the absence of contamination). These problems include logistics and shipping, difficulties with production costs and yields, quality control, including stability of the product, product testing, operator error, availability of qualified personnel, as well as compliance with strictly enforced federal, state and non-U.S. regulations. Furthermore, if contaminants are discovered in our supply of our drug candidates or in the manufacturing facilities, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. It is possible that stability failures or other issues relating to the manufacture of our drug candidates may occur in the future. Additionally, our manufacturers may experience manufacturing difficulties due to resource constraints, or as a result of labor disputes or unstable political environments. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide our drug candidate to patients in clinical trials would be jeopardized. Any delay or interruption in the manufacturing of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to begin new clinical trials with additional costs or terminate clinical trials completely.

Review of changes in the manufacturing process of our drug candidates could cause delays resulting from the need for additional regulatory approvals.

Changes in a process or procedure for manufacturing one of our drug candidates, including a change in the location where the drug candidate is manufactured or a change of a contract manufacturer, could require prior review by the FDA, CFDA, EMA or other comparable regulatory authorities and approval of the manufacturing process and procedures in accordance with the FDA, CFDA or EMA's regulations, or comparable requirements. This review may be costly and time-consuming and could delay or prevent the launch of a product. The new facility will also be subject to pre-approval inspection. In addition, we would have to demonstrate that the product made at the new facility is equivalent to the product made at the former facility by physical and chemical methods, which are costly and time-consuming. It is also possible that the FDA, CFDA, EMA or other comparable regulatory authorities may require clinical testing as a way to prove equivalency, which would result in additional costs and delay.

Risks Related to AML Clinic

Failure to comply with all laws and regulations applicable to the business of AML Clinic could have a material, adverse impact on the Company's business.

Operation of AML Clinic subjects the Company to a variety of Hong Kong laws and regulations specific to companies and professionals in the business of delivering medical care. We and our employees will be subject to licensing and professional qualifications that do not apply to our other businesses. Breach of any of these laws, regulations or licensing requirements could subject the Company to significant fines and other penalties and possibly damage the Company's reputation, which could have a material adverse effect on the Company's business.

Risks Related to Our Device Candidates

We are subject to risks related to obtaining regulatory approval for device candidates.

The Company's device candidates (including those being developed under VLS-3 and SLS-1), are likely to be regulated as medical devices. Medical devices are subject to extensive regulations, supervised by regulatory authorities around the world, including the FDA, CFDA and applicable national authorities in relevant European countries. The regulatory framework related to medical devices covers research, development, design, manufacturing, safety, reporting, testing, labeling, packaging, storage, installation, servicing, marketing, sales and distribution. The Company is and may also be, in addition to these industry-specific regulations, subject to numerous other ongoing regulatory obligations, such as data protection, environmental, health and safety laws and restrictions. The costs of compliance with applicable regulations, requirements or guidelines could be substantial. Furthermore, the regulatory environment has generally become more stringent and extensive over time. Failure to comply with these regulations could result in sanctions including fines, injunctions, civil penalties, denial of applications for marketing approval of the Company's products, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions, partial suspension or total shutdown of production and criminal prosecutions, any of which could significantly increase the Company's costs, delay the development and commercialization of its device candidates.

We are subject to risks related to the carrying out and outcome of clinical trials of medical devices.

The Company may sponsor studies on human participants in clinical studies of its device candidates. Such clinical studies are performed to support regulatory approvals for market access or to generate evidence relating to clinical benefits and cost benefits of using such device candidates. Clinical studies are costly and time consuming and associated with risks such as finding trial sites, recruitment of suitable patients, the actual cost per patient exceeding budget and inadequacies in the execution of the trials. There is also a risk of delays in the performance of clinical studies, which can occur for a variety of reasons. For example, delays in obtaining regulatory approval to commence a trial, reaching agreements on acceptable terms with prospective contract research organizations and clinical investigational sites, obtaining institutional review board approval at each site, difficulties in patient enrolment, patients failing to complete a trial or return for follow-up, adding new sites or obtaining sufficient supplies of products or clinical sites dropping out of a trial. If delays persist, there is a risk that studies eventually are suspended or terminated if the delays occur due to circumstances that a sponsor of a clinical trial has difficulties controlling, or is unable to control, or if the measures required for conducting the studies further are deemed too costly or extensive in relation to the scopes and goals of the studies.

There are many factors which may affect patient enrollment. Amongst these are the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical study and competing clinical studies. Furthermore, clinicians' and patients' perceptions as to the potential advantages of the product being studied in relation to other available therapies, including any new products that may be approved for the indications the company is investigating. Clinical studies may also be suspended or terminated if participating subjects are exposed to unacceptable health risks or undesired side-effects.

Furthermore, there is a risk that clinical studies may not demonstrate the required clinical benefit for the prospective indication the trial is aimed at. Failure in premarketing clinical studies could lead to market clearance or approvals not being obtained which could delay or jeopardize the Company's ability to develop, market and sell the device candidates being studied. At any stage of the development, the Company may discontinue device candidate based on review of available preclinical and clinical data, the estimated costs of continued development, market considerations and other factors. Furthermore, with respect to the clinical studies of device candidates conducted by CROs and others, the Company may have less control over their timing or outcome.

Risks Related to Our Industry, Business and Operation

If we do not comply with laws regulating the protection of the environment and health and human safety, our business could be adversely affected.

Our research, development and clinic operations involve the use of hazardous materials, chemicals and various radioactive compounds/radiation and AML Clinic may create medical waste and radiation. Our R&D Center may maintain quantities of various flammable and toxic chemicals in our facilities that are required for our research, development and manufacturing activities. We are subject to local laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials and of medical waste at the jurisdictions where we operate our clinic and research facilities, which are currently limited to Hong Kong. We believe our procedures for storing, handling and disposing of these materials comply with the relevant guidelines and laws of the jurisdictions in which our facilities are located. Although we believe that our safety procedures for handling and disposing of these materials comply with the standards mandated by applicable regulations, the risk of accidental contamination or injury from these materials cannot be eliminated. If an accident occurs, we could be held liable for resulting damages, which could be substantial. We are also subject to numerous environmental, health and workplace safety laws and regulations, including those governing laboratory procedures, exposure to blood-borne pathogens and the handling of biohazardous materials and medical waste.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of these materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological, hazardous or radioactive materials. Additional federal, state and local laws and regulations affecting our operations may be adopted in the future. We may incur substantial costs to comply with, and substantial fines or penalties, if we violate any of these laws or regulations.

Our future success depends on our ability to retain our Chief Executive Officer, our scientific and clinical advisors, and other key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on Ian Huen, our Chief Executive Officer, as well as, other principal members of our management teams, scientific teams as well as scientific and clinical advisors. Although we have formal employment agreements, which we refer to as appointment letters, with all of our executive officers, these agreements do not prevent our executives from terminating their employment with us at any time, subject to applicable notice periods. We intend to obtain "key person" insurance for our executives or other employees in the near future. Nevertheless, the loss of the services of any of these persons could impede the achievement of our research, development and commercialization objectives.

To induce valuable employees to remain at our Company, in addition to salary and cash incentives, we plan to provide share incentive grants that vest over time. The value to employees of these equity grants that vest over time may be significantly affected by movements in the price of our Class A Ordinary Shares that are beyond our control, and may at any time be insufficient to counteract more lucrative offers from other companies. Although we have appointment letters with our key employees, any of our employees could resign at any time, with 1-month to 3-months prior written notice or with payment in lieu of notice.

Recruiting and retaining qualified officers, scientific, clinical, sales and marketing personnel or consultants will also be critical to our success. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our discovery and preclinical studies development and commercialization strategy. 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 and 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 drug and device candidates. 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 pharmaceutical and biotechnology companies for similar personnel.

We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. Our consultants and advisors may be employed by employers other than us 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 will need to increase the size and capabilities of our organization, and we may experience difficulties in managing our growth.

As of the date of this prospectus, we have 44 employees, including 43 full-time employees and 1 part-time employees. Of these, 15 are engaged in full-time research and development and laboratory operations, 23 are engaged in general and administrative functions, 5 are full-time employees engaged in the clinic operation and 1 part-time employees are engaged in sponsored research and development, laboratory operations and legal clerical support. As of the date of this prospectus, 43 of our employees are located in Hong Kong and 1 of our employees is located in the UK. In addition, we have engaged and may continue to engage 28 independent contracted consultants and advisors to assist us with our operations. As our development and commercialization plans and strategies develop, and as we transition into operating as a public company, we will need to establish and maintain effective disclosure and financial controls and make changes in our corporate governance practices. We will need to add a significant number of additional managerial, operational, sales, marketing, financial and other personnel with the appropriate public company experience and technical knowledge and we may not successfully recruit and maintain such personnel. Future growth will impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining and motivating additional employees;
- managing our internal development efforts effectively, including clinical, the FDA or other comparable regulatory authority review process for our drug and device candidates, while complying with our contractual obligations to contractors and others; and
- improving our operational, financial and management controls, reporting systems and procedures.

Our future financial performance and our ability to commercialize our drug candidates will depend, in part, on our ability to effectively manage our future growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

We currently rely, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors and consultants for significant input in selecting and evaluating new products to pursue. These independent organizations, advisors and consultants may not continue to be available to us on a timely basis when needed, and in such case, we may not have the ability to find qualified replacements. In addition, if we are unable to effectively manage our outsourced activities, or if the quality or accuracy of the services provided by consultants is compromised for any reason, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain regulatory approval of our drug candidates or otherwise advance our business. Furthermore, we may not be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, if at all.

If we are not able to effectively expand our organization by hiring new employees and expanding our groups of consultants and contractors, we may not be able to successfully implement the tasks necessary to further develop and commercialize our drug and device candidates and, accordingly, may not achieve our research, development and commercialization goals.

We intend to seek additional collaborations, strategic alliances or acquisitions or enter into royalty-seeking or sublicensing arrangements in the future, but we may not realize the benefits of these arrangements.

We intend to form or seek strategic alliances, create joint ventures or collaborations, acquire complimentary products, IP rights, technology or businesses or enter into additional licensing arrangements with unrelated parties that we determine may complement or augment our development and commercialization efforts with respect to our drug and device candidates. 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.

We will face significant competition in seeking appropriate strategic partners and the negotiation process is likely to be time-consuming, costly and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or another alternative arrangement for any of our drug and device candidates because their state of development may be deemed to be too early for collaborative effort and others may not view our drug and device candidates as having the requisite potential to demonstrate safety and efficacy. If and when we enter into an agreement with a collaboration partner or sublicensee for development and commercialization of a drug or device candidate, we can expect to relinquish some or all of the control over the future success of that drug and device candidate to the unrelated-party.

Further, even if we enter into a collaboration involving any of our drug and device candidates, the arrangement will be subject to numerous risks, which may include the following:

- the collaborators will likely have significant discretion in determining the efforts and resources that they will apply to a collaboration;
- the collaborator may ultimately choose not pursue development and commercialization of our drug candidates or may elect not to continue or renew development or commercialization programs, based on clinical trial results, changes in their strategic focus due to the acquisition of competitive drugs, availability of funding, or other external factors, such as a business combination that diverts resources or creates competing priorities;
- the collaborator may delay clinical trials, provide insufficient funding for a clinical trial, stop a clinical trial, abandon a drug or device candidate, repeat or conduct new clinical trials, or require a new formulation of a drug or device candidate for clinical testing;
- the collaborator could independently develop, or develop with unrelated parties, drugs that compete directly or indirectly with our drugs or drug and device candidates;
- the collaborator with marketing and distribution rights to one or more drugs may not commit sufficient resources to their marketing and distribution;
- the collaborator may not properly maintain or defend our IP rights or may use our IP or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our IP or proprietary information or expose us to potential liability;
- disputes may arise between us and the collaborator that cause the delay or termination of the research, development or commercialization of our drug and device candidates, or that result in costly litigation or arbitration that diverts management attention and resources;
- the collaboration may be terminated and, if terminated, may result the Company needing additional capital to pursue further development or commercialization of the applicable drug and device candidates;
- the collaborator may own or co-own IP covering our drugs that results from our collaborating with them, and in such cases, we would not have the exclusive right to commercialize such IP;
- the collaboration may result in increased operating expenses or the assumption of indebtedness or contingent liabilities; and
- the collaboration arrangement may result in the loss of key personnel and uncertainties in our ability to maintain key business relationships.

As a result, if we enter into collaboration agreements and strategic partnerships or license our drugs, we may not be able to realize the benefit of such transactions, which could delay our timelines or otherwise adversely affect our business. Following a strategic transaction or license, we may not achieve the revenue or specific net income that justifies such transaction. If we are unable to reach agreements with a suitable collaborator on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a drug or device 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 fail to enter into collaborations, we may seek to fund and undertake development or commercialization activities on our own, but we may not have sufficient funds or expertise to undertake the necessary development and commercialization activities. In such a case, we may not be able to further develop our drug and device candidates or bring them to market and generate product sales revenue, which would harm our business prospects, financial condition 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 activity 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 FDA and other similar non-U.S. regulatory authorities; provide true, complete and accurate information to the FDA and other similar non-U.S. regulatory authorities; comply with manufacturing standards we have established; comply with healthcare fraud and abuse laws in the United States and similar non-U.S. fraudulent misconduct laws; or report financial information or data accurately or to disclose unauthorized activities to us. If we obtain the FDA approval for any of our drug and device candidates and begin commercializing those drugs in the United States, our potential exposure under U.S. laws 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 principal investigators of our sponsored researches and research patients and our use of information obtained in the course of patient recruitment for clinical trials, as well as proposed and 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.

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.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

Upon completion of this Offering, we will become subject to the periodic reporting requirements of the Exchange Act. Our disclosure controls and procedures are designed to reasonably assure that information required to be disclosed by us in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

We believe that any disclosure controls and procedures, or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected, 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 Class A Ordinary 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 delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

If we fail to establish and maintain proper internal financial reporting controls, our ability to produce accurate financial statements or comply with applicable regulations could be impaired.

Pursuant to Section 404 of the Sarbanes-Oxley Act, we will be required to file a report by our management on our internal control over financial reporting, including an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. The presence of material weaknesses in internal control over financial reporting could result in financial statement errors which, in turn, could lead to errors in our financial reports and/or delays in our financial reporting, which could require us to restate our operating results. In connection with the audit of our statements of net assets (predecessor basis) including the schedule of portfolio investments as of December 31, 2016 and February 28, 2017, and the related statements (predecessor basis) of operations, changes in net assets, and cash flows for the year ended December 31, 2016, the statements (predecessor basis) of operations, changes in net assets, and cash flows for the period January 1, 2017 through February 28, 2017, the consolidated balance sheet (successor basis) as of June 30, 2018 and December 31, 2017, the related consolidated statements (successor basis) of operations and comprehensive loss, stockholders' equity and cash flows for the period March 1, 2017 through December 31, 2017, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting, as defined in the standards established by the Public Company Accounting Oversight Board of the United States, as of December 31, 2017. The material weakness identified was the lack of dedicated resources to take responsibility for the finance and accounting functions and the preparation of financial statements in compliance with generally accepted accounting principles in the United States, or U.S. GAAP.

We have already taken some steps and will continue to implement measures to remediate the material weakness identified. However, we cannot assure you that we will be able to continue implementing these measures in the future, or that we will not identify additional material weaknesses or significant deficiencies in the future.

If we are unable to conclude that we have effective internal controls over financial reporting, investors may lose confidence in our operating results, the price of the Class A Ordinary Shares could decline and we may be subject to litigation or regulatory enforcement actions. In addition, if we are unable to meet the requirements of Section 404 of the Sarbanes-Oxley Act, the Class A Ordinary Shares may not be able to remain listed on the NASDAQ Global Market.

We may market our products, if approved, globally; if we do, we will be subject to the risk of doing business internationally.

We operate and expect to operate in various countries, and we may not be able to market our products in, or develop new products successfully for, these markets. We may also encounter other risks of doing business internationally including but not limited to:

- unexpected changes in, or impositions of, legislative or regulatory requirements;
- efforts to develop an international sales, marketing and distribution organization may increase our expenses, divert our management's attention from the acquisition or development of drug candidates or cause us to forgo profitable licensing opportunities in these geographies;
- the occurrence of economic weakness, including inflation or political instability;
- the effects of applicable non-U.S. tax structures and potentially adverse tax consequences;
- differences in protection of our IP rights including patent rights of other parties;
- the burden of complying with a variety of foreign laws including difficulties in effective enforcement of contractual provisions;
- delays resulting from difficulty in obtaining export licenses, tariffs and other barriers and restrictions, potentially longer payment cycles, greater difficulty in accounts receivable collection and potentially adverse tax treatment; and
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad.

In addition, we are subject to general geopolitical risks in foreign countries where we operate, such as political and economic instability and changes in diplomatic and trade relationships, which could affect, among other things, customers' inventory levels and consumer purchasing, which could cause our results to fluctuate and our net sales to decline. The occurrence of any one or more of these risks of doing business internationally, individually or in the aggregate, could materially and adversely affect our business and results of operations.

If we engage in future 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.

We may evaluate various acquisitions and strategic partnerships, including licensing or acquiring complementary products, IP rights, technology or businesses. Any potential acquisition or strategic partnership may entail numerous risks, including, but not limited to:

- increase in operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent liabilities;
- the issuance of our equity securities;
- assimilation of operations, IP 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 merger 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 other party to such a transaction, including the prospects of that party and their existing drugs or drug and device candidates and regulatory approvals; and
- 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.

In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense. Moreover, we may not be able to locate suitable acquisition opportunities and this inability could impair our ability to grow or obtain access to technology or products that may be important to the development of our business.

If we fail to comply with the U.S. Foreign Corrupt Practices Act ("FCPA"), or other anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations.

We are subject to the FCPA. The FCPA generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. We are also subject to the anti-bribery laws of other jurisdictions, particularly the PRC. As our business expands, the applicability of the FCPA and other anti-bribery laws to our operations will increase. Our procedures and controls to monitor anti-bribery compliance may fail to protect us from reckless or criminal acts committed by our employees or agents. If we, due to either our own deliberate or inadvertent acts or those of others, fail to comply with applicable anti-bribery laws, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and/or significant expenses, which could have a material adverse effect on our business, including our financial condition, results of operations, cash flows and prospects.

If we commence clinical trials of one of our drug or device candidates, and product liability lawsuits are brought against us, we may incur substantial liabilities and the commercialization of such drug or device candidates may be affected.

If any of our drug or device candidates enter clinical trials, we will face an inherent risk of product liability suits and will face an even greater risk if we obtain approval to commercialize any drugs. For example, we may be sued if our drug candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the drug, negligence, strict liability or a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our drug candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our drugs;
- injury to our reputation;
- withdrawal of clinical trial participants and inability to continue clinical trials;
- initiation of investigations by regulators;
- costs to defend the related litigation;
- a diversion of management's time and our resources;

- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize any drug candidate; and
- a decline in the price of our Class A Ordinary Shares.

We shall seek to obtain the appropriate insurance once our candidates are ready for clinical trial. However, our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of drugs we develop, alone or with collaborators. We currently do not have in place product liability insurance and although we plan to have in place such insurance as and when the products are ready for commercialization, as well as insurance covering clinical trials, the amount of such insurance coverage may not be adequate, we may be unable to maintain such insurance, or we may not be able to obtain additional or replacement insurance at a reasonable cost, if at all. Our insurance policies may also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We may have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. Even if our agreements with any future corporate collaborators entitle us to indemnification against losses, such indemnification may not be available or adequate should any claim arise.

Additionally, we may be sued if the products that we commercialize, market or sell cause or are perceived to cause injury or are found to be otherwise unsuitable, and may result in:

- decreased demand for those products;
- damage to our reputation;
- costs incurred related to product recalls;
- limiting our opportunities to enter into future commercial partnership; and
- a decline in the price of our Class A Ordinary Shares.

Our insurance coverage may be inadequate to protect us against losses.

We currently maintain property insurance for our office premises (including one unit of server and accessories). We hold employer's liability insurance generally covering death or work-related injury of employees; we maintain "Office Care Plan Insurance" for those persons working in our offices and "Medical Plan" for our employee. We hold public liability insurance covering certain incidents involving unrelated parties that occur on or in the premises of the Company. We do not yet have directors and officers liability insurance but intend to enter into such policies immediately prior to or after the consummation of this Offering. We do not yet have key-man life insurance on any of our senior management or key personnel, or business interruption insurance but intend to enter into such policies immediately prior to or after the consummation of this Offering. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. If any claims for damage are brought against us, or if we experience any business disruption, litigation or natural disaster, we might incur substantial costs and diversion of resources.

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

Our operations and equity are funded in U.S. dollars and we currently incur the majority of our expenses in U.S. dollars or in H.K. dollars. H.K. dollar is currently pegged to the U.S. dollar; however, we cannot guarantee that such peg will continue to be in place in the future. Our exposure to foreign exchange risk primarily relates to the limited cash denominated in currencies other than the functional currencies of each entity and limited revenue contracts dominated in H.K. dollars in certain PRC operating entities. We do not believe that we currently have any significant direct foreign exchange risk and have not hedged exposures denominated in foreign currencies or any other derivative financial instruments. However, the value of your investment in our Series A Ordinary Shares may be affected by the foreign exchange rate between U.S. dollars and the H.K. dollar because the primary value of our business is effectively denominated in H.K. dollars, in addition to U.S. dollars.

If we are exposed to foreign currency exchange risk as our results of operations, cash flows maybe subject to fluctuations in foreign currency exchange rates. For example, if a significant portion of our clinical trial activities may be conducted outside of the United States, and associated costs may be incurred in the local currency of the country in which the trial is being conducted, which costs could be subject to fluctuations in currency exchange rates. We currently do not engage in hedging transactions to protect against uncertainty in future exchange rates between particular foreign currencies and the U.S. dollar. A decline in the value of the U.S. dollar against currencies in countries in which we conduct clinical trials could have a negative impact on our research and development costs. Foreign currency fluctuations are unpredictable and may adversely affect our financial condition, results of operations and cash flows.

Our investments are subject to risks that could result in losses.

We had cash of $6.73 million, $16.25 million and $0.30 million as of June 30, 2018, December 31, 2017 and December 31, 2016, respectively. We may invest our cash in a variety of financial instruments. All of these investments are subject to credit, liquidity, market and interest rate risk. Such risks, including the failure or severe financial distress of the financial institutions that hold our cash, cash equivalents and investments, may result in a loss of liquidity, impairment to our investments, realization of substantial future losses, or a complete loss of the investments in the long-term, which may have a material adverse effect on our business, results of operations, liquidity and financial condition. While we believe our cash position does not expose us to excessive risk, future investments may be subject to adverse changes in market value.

We are exposed to risks associated with our computer hardware, network security and data storage.

Similar to all other computer network users, our computer network system is vulnerable to attack of computer virus, worms, trojan horses, hackers or other similar computer network disruptive problems. Any failure in safeguarding our computer network system from these disruptive problems may cause breakdown of our computer network system and leakage of confidential information of the Company. Any failure in the protection of our computer network system from external threat may disrupt our operation and may damage our reputation for any breach of confidentiality to our customers, which in turn may adversely affect our business operation and performance. In the event that our confidential information is stolen and misused, we may become exposed to potential risks of losses from litigation and possible liability.

In addition, we are highly dependent on our IT infrastructure to store research data and information and manage our business operations. We do not backup all data on a real-time basis and the effectiveness of our business operations may be materially affected by any failure in our IT infrastructure. If our communications and IT systems do not function properly, or if there is any partial or complete failure of our systems, we could suffer financial losses, business disruption or damage to our reputation.

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

Our operations, and those of our research institution collaborators, CROs, suppliers and other contractors and consultants, could be subject to earthquakes, power shortages, telecommunications failures, damage from computer viruses, material computer system failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics and other natural or man-made disasters or business interruptions. In addition, we partially rely on our research institution collaborators for conducting research and development of our drug candidates, and they may be affected by government shutdowns or withdrawn funding. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. We rely on contract manufacturers to produce and process our drug candidates. Our ability to obtain clinical supplies of our drug candidates could be disrupted if the operations of these suppliers are affected by a man-made or natural disaster or other business interruption. A large portion of our contract manufacturer's operations is located in a single facility. Damage or extended periods of interruption to our corporate or our contract manufacturer's development or research facilities due to fire, natural disaster, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development of some or all of our drug candidates.

Although we do not currently conduct any business in the PRC, we may in the future; in doing so we would be exposed to various risks related to doing business in the PRC.

Although we currently do not conduct any business in the PRC, we are the exclusive licensee to certain PRC patents directed to our drug candidates such as ALS-1, NLS-2 and SPLS-1, and we intend to file application for certain products in the PRC. The pharmaceutical industry in the PRC is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new drugs. (See "Our Business – Government Regulation – PRC Regulation"). In recent years, the regulatory framework in the PRC regarding the pharmaceutical industry has undergone significant changes, and we expect that it will continue to undergo significant changes. Any such changes or amendments may result in increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our drug candidates in the PRC and reduce the current benefits that we believe are available to us from developing and manufacturing drugs in the PRC. Chinese authorities have become increasingly vigilant in enforcing laws in the pharmaceutical industry and any failure by us or our partners to maintain compliance with applicable laws and regulations or obtain and maintain required licenses and permits may result in the suspension or termination of our business activities in the PRC. We believe our strategy and approach is aligned with the PRC government's policies, but we cannot ensure that our strategy and approach will continue to be aligned.

If in the future, we commence business or operation in the PRC, changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies. Once we start doing business in the PRC, our financial condition and results of operation in the PRC could be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to us, and consequently have a material adverse effect on our businesses, financial condition and results of operations.

The SEC could take the position that we are an "investment company" subject to the extensive requirements of the Investment Company Act of 1940. Such a characterization and the associated compliance requirements could have a material adverse effect on our business, financial condition, and results of operations.

Our business had historically included passive healthcare related investments in early stage companies primarily in the United States. Although we are in the process of liquidating those securities that remain in our portfolio, we still hold some such investments and these are included as assets of our Company on a consolidated basis. As part of the Restructure, we resolved to exit such portfolio investments over an appropriate timeframe and focus our resources on our current business. Since the date of the Restructure, we have not held ourselves out as an investment company and we do not believe we are an "investment company" under the Investment Company Act of 1940. If the SEC or a court, however, were to disagree with us, we could be required to register as an investment company. This would subject us to disclosure and accounting rules geared toward investment companies, rather than operating companies, which may limit our ability to borrow money, issue options, issue multiple classes of stock and debt, and engage in transactions with affiliates, and may require us to undertake significant costs and expenses to meet the disclosure and regulatory requirements to which we would be subject as a registered investment company.

If we are classified as a passive foreign investment company for U.S. federal income tax purposes, United States holders of our Class A Ordinary Shares may be subject to adverse United States federal income tax consequences.

A non-U.S. corporation will be a passive foreign investment company ("PFIC") for U.S. federal income tax purposes, for such year, either

- At least 75% of its gross income for such year is passive income; or
- The average percentage of our assets (determined at the end of each quarter) during such year which produce passive income or which are held for the production of passive income is at least 50%.

Passive income generally includes dividends, interests, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets.

A separate determination must be made after the close of each taxable year as to whether a non-U.S. corporation is a PFIC for that year. For purposes of the PFIC analysis, in general, a non-U.S. corporation is deemed to own its pro rata share of the gross income and assets of any entity in which it is considered to own at least 25% of the equity by value. Based on the current and anticipated value of our assets, we believe we were a PFIC for U.S. federal income tax purposes for our taxable year ending December 31, 2017, and we may be a PFIC for U.S. federal income tax purposes for our current taxable year ending December 31, 2018.

In determining whether we are a PFIC, cash is considered by the U.S. Internal Revenue Service ("IRS") to be a passive asset. During our taxable year ending December 31, 2017, we believe that the amount of cash we had on hand was greater than 50% of our total assets. The composition of our assets during the current taxable year, which will include the proceeds from this Offering, may cause us to continue to be classified as a PFIC. The determination of whether we will be a PFIC for our current taxable year or a future year may depend in part upon how quickly we spend our liquid assets, and on the value of our goodwill and other unbooked intangibles not reflected on our balance sheet, which may depend upon the market value of our Class A Ordinary Shares from time to time. Further, while we will endeavor to use a classification methodology and valuation approach that is reasonable, the IRS may challenge our classification or valuation of our goodwill and other unbooked intangibles for purposes of determining whether we are a PFIC in the current or one or more future taxable years.

If we are a PFIC for any taxable year during which a U.S. Holder owns our Class A Ordinary Shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. As discussed under "Taxation – Material U.S. Federal Income Tax Considerations for U.S. Holders – Passive Foreign Investment Company Rules", a U.S. Holder may be able to make certain tax elections that would lessen the adverse impact of PFIC status; however, in order to make such elections the U.S. holder will usually have to have been provided information about the company by us, and there is no assurance that the company will provide such information.

For a more detailed discussion of the application of the PFIC rules to us and the consequences to U.S. holders if we were determined to be a PFIC. (See "Taxation – Material U.S. Federal Income Tax Considerations for U.S. Holders – Passive Foreign Investment Company Rules")

Risks Related to Our Corporate Structure

Our CEO has control over key decision making as a result of his control of a majority of our voting shares.

Our Founder, CEO, and our Executive Director, Mr. Ian Huen, and his affiliates which he deemed to have control and/or have substantial influence will be able to exercise full voting rights with respect to an aggregate of 181,788,298 ordinary shares, representing a majority of the voting power of our outstanding ordinary shares following our initial public offering. As a result, Mr. Huen has the ability to control the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation, or sale of all or substantially all of our assets. In addition, Mr. Huen has the ability to control the management and affairs of our company as a result of his position as our CEO and his ability to control the election of our directors. Additionally, in the event that Mr. Huen controls our company at the time of his death, control may be transferred to a person or entity that he designates as his successor. As a board member and officer, Mr. Huen owes a fiduciary duty to our shareholders and must act in good faith in a manner he reasonably believes to be in the best interests of our shareholders. As a shareholder, even a controlling shareholder, Mr. Huen is entitled to vote his shares, and shares over which he has voting control as a result of voting agreements, in his own interests, which may not always be in the interests of our stockholders generally. For a description of the voting rights, see "Description of Share Capital—Voting Rights."

The dual class structure of our ordinary shares has the effect of concentrating voting control with our CEO, directors and their affiliates.

Our Class B Ordinary Share has ten votes per share, and our Class A Ordinary Share, which is the share we are offering in our initial public offering, has one vote per share. Shareholders who hold shares of Class B Ordinary Shares, including our executive officers and their affiliates, will together hold approximately 98% of the voting power of our outstanding ordinary shares following our initial public offering. Because of the ten-to-one voting ratio between our Class B and Class A Ordinary Shares, the holders of our Class B Ordinary Shares collectively will continue to control a majority of the combined voting power of our ordinary share and therefore be able to control all matters submitted to our shareholders for approval so long as the shares of Class B Ordinary Shares represent at least 9.1% of all outstanding shares of our Class A and Class B Ordinary Shares. This concentrated control will limit your ability to influence corporate matters for the foreseeable future.

Future transfers by holders of Class B Ordinary Shares will generally result in those shares converting to Class A Ordinary Shares, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Class B Ordinary Shares to Class A Ordinary Shares will have the effect, over time, of increasing the relative voting power of those holders of Class B Ordinary Shares who retain their shares in the long term. If, for example, Mr. Huen retains a significant portion of his holdings of Class B Ordinary Share for an extended period of time, he could, in the future, continue to control a majority of the combined voting power of our Class A Ordinary Shares and Class B Ordinary Shares. For a description of the dual class structure, see "Description of Capital Stock—Anti-Takeover Provisions."

As a "controlled company" under the rules of the NASDAQ Global Market, we may choose to exempt our company from certain corporate governance requirements that could have an adverse effect on our public shareholders.

Prior to the completion of this Offering, our directors and officers beneficially own a majority of the voting power of our outstanding Class A Ordinary Shares. Even if we raise the maximum offering amount, we may continue to be a "controlled company." Under the Rule 4350(c) of the NASDAQ Global Market, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect ***not*** to comply with certain corporate governance requirements, including the requirement that a majority of our directors be independent, as defined in the NASDAQ Global Market Rules, and the requirement that our compensation and nominating and corporate governance committees consist entirely of independent directors. Although we do not intend to rely on the "controlled company" exemption under the Nasdaq listing rules, we could elect to rely on this exemption in the future. If we elect to rely on the "controlled company" exemption, a majority of the members of our board of directors might not be independent directors and our nominating and corporate governance and compensation committees might not consist entirely of independent directors. Accordingly, during any time while we remain a controlled company relying on the exemption and during any transition period following a time when we are no longer a controlled company, you would not have the same protections afforded to shareholders of companies that are subject to all of the NASDAQ Global Market corporate governance requirements. Our status as a controlled company could cause our Class A Ordinary Share to look less attractive to certain investors or otherwise harm our trading price.

Risks Related to this Offering and our Series A Notes and Bond

If we are unable to comply with the restrictions and covenants in our note purchase agreements or the indenture governing the Series A Notes or the Bond, there could be a default under the terms of these agreements, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the indenture governing the Series A Notes or Bond, or our current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be.

Furthermore, some of our debt agreements may contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of debt or result in a default under our other debt agreements. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

The initial public offering price of our Class A Ordinary Shares may not be indicative of the market price of our Class A Ordinary Shares after this Offering. In addition, an active, liquid and orderly trading market for our Class A Ordinary Shares may not develop or be maintained, and our stock price may be volatile.

Prior to this Offering, our Class A Ordinary Shares were not traded on any market. An active, liquid and orderly trading market for our Class A Ordinary Shares may not develop or be maintained after this Offering. Active, liquid and orderly trading markets usually result in less price volatility and more efficiency in carrying out investors' purchase and sale orders. The market price of our Class A Ordinary Shares could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our Class A Ordinary Shares, you could lose a substantial part or all of your investment in our shares. The initial public offering price will be determined by us, based on numerous factors and may not be indicative of the market price of our Class A Ordinary Shares after this Offering. Consequently, you may not be able to sell our Class A Ordinary Shares at prices equal to or greater than the price paid by you in this Offering.

The following factors could affect our share price:

- our operating and financial performance;
- quarterly variations in the rate of growth of our financial indicators, such as net income per share, net income and revenues;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- strategic actions by our competitors;
- changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
- speculation in the press or investment community;
- the failure of research analysts to cover our securities;
- sales of our Class A Ordinary Shares by us or other shareholders, or the perception that such sales may occur;
- changes in accounting principles, policies, guidance, interpretations or standards;
- additions or departures of key management personnel;
- actions by our shareholders;
- domestic and international economic, legal and regulatory factors unrelated to our performance; and
- the realization of any risks describes under this "Risk Factors" section.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Class A Ordinary Shares. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources and harm our business, operating results and financial condition.

The price of the Class A Ordinary Shares and other terms of this Offering have been determined by us along with our underwriters.

If you purchase our Class A Ordinary Shares in this Offering, you will pay a price that was not established in a competitive market. Rather, you will pay a price that was determined by us along with our underwriters. The offering price for our Class A Ordinary Shares may bear no relationship to our assets, book value, historical results of operations or any other established criterion of value. The trading price, if any, of the Class A Ordinary Shares that may prevail in any market that may develop in the future, for which there can be no assurance, may be higher or lower than the price you paid for our Class A Ordinary Shares.

Shares eligible for future sale may adversely affect the market price of our Class A Ordinary Shares if the shares are successfully listed on NASDAQ or other stock markets, as the future sale of a substantial amount of outstanding Class A Ordinary Shares in the public marketplace could reduce the price of our Class A Ordinary Shares.

The market price of our Class A Ordinary Shares could decline as a result of sales of substantial amounts of our Class A Ordinary Shares in the public market, or the perception that these sales could occur. In addition, these factors could make it more difficult for us to raise funds through future offerings of our Class A Ordinary Shares. An aggregate of 5,426,381 Class A Ordinary Shares are outstanding before the consummation of this Offering. We are including 1,543,245 Resale Shares in this prospectus, all of which, once sold by the Selling Shareholders pursuant to this prospectus upon and after its effectiveness (subject to certain lock-up agreements as described elsewhere in this prospectus), will be freely tradable. All of the Class A Ordinary Shares sold in the Offering will be freely transferable without restriction or further registration under the Securities Act. The remaining Class A Ordinary Shares will be "restricted securities" as defined in Rule 144. These Class A Ordinary Shares may be sold without registration under the Securities Act to the extent permitted by Rule 144 or other exemptions under the Securities Act. (See "Shares Eligible for Future Sale")

A sale or perceived sale of a substantial number of our Ordinary Shares may cause the price of our Class A Ordinary Shares to decline.

All of our executive officers and directors, the Series A Note Investors, the holders of the Bond and warrants, and almost all of our shareholders have agreed not to sell our Class A Ordinary Shares for a period of three or six months following this Offering, subject to extension under specified circumstances. (See "Shares Eligible for Future Sale – Lock-Up Agreements") Class A Ordinary shares subject to these lock-up agreements will become eligible for sale in the public market upon expiration of these lock-up agreements, subject to limitations imposed by Rule 144 under the Securities Act of 1933, as amended. If our shareholders sell substantial amounts of our Class A Ordinary Shares in the public market, the market price of our Class A Ordinary Shares could fall. Moreover, the perceived risk of this potential dilution could cause shareholders to attempt to sell their shares and investors to short our Class A Ordinary Shares. These sales also may make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

We have not paid dividends in the past and do not expect to pay dividends in the future, and any return on investment may be limited to the value of our shares.

We have never paid any cash dividends on our Class A Ordinary Shares and do not anticipate paying any cash dividends on our Class A Ordinary Shares in the foreseeable future, and any return on investment may be limited to the value of our Class A Ordinary Shares. We plan to retain any future earnings to finance growth.

Our dividend policy is subject to the discretion of our Board of Directors and will depend on, among other things, our earnings, financial condition, capital requirements and other factors. There is no assurance that our Board of Directors will declare dividends even if we are profitable. Under Cayman Islands law, dividends may be declared and paid only out of funds legally available therefor, namely out of either profit or our share premium account, and provided further that a dividend may not be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business and the realizable value of assets of our Company will not be less than the sum of our total liabilities, other than deferred taxes as shown on our books of account, and our capital.

Our Class B Ordinary Shares have stronger voting power than our Class A Ordinary Shares and certain existing shareholders have substantial influence over our Company and their interests may not be aligned with the interests of our other shareholders and holders of our Series A Notes and the Bond.

We have a dual-class voting structure consisting of Class A Ordinary Shares and Class B Ordinary Shares. Under this structure, holders of Class A Ordinary Shares are entitled to one vote per share, and holders of Class B Ordinary Shares are entitled to ten votes per share, which can cause the holders of Class B Ordinary Shares to have an unbalanced, higher concentration of voting power. Immediately prior to the Offering, our management team as a group beneficially own over 20 million Class B Ordinary Shares representing over 90% voting power. As a result, until such time as their collective voting power is below 50%, our management team as a group of controlling shareholders have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. They may take actions that are not in the best interests of us or our other shareholders. These corporate actions may be taken even if they are opposed by our other shareholders, including those who hold Class A Ordinary Shares converted from the Series A Notes and the Bond. Further, concentration of ownership of our Class B Ordinary Shares may discourage, prevent or delay the consummation of change of control transactions that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. Future issuances of Class B Ordinary Shares may also be dilutive to the holders of Class A Ordinary Shares. As a result, the market price of our Class A Ordinary Shares could be adversely affected.

Shareholders who hold shares of Class B Ordinary Shares, including our executive officers and their affiliates, will together hold approximately 97.8% or 98.4% of the voting power of our outstanding ordinary shares following this Offering if the maximum offering amount or minimum offering amount, respectively is sold. Because of the ten-to-one voting ratio between our Class B and Class A Ordinary Shares, the holders of our Class B Ordinary Shares will collectively continue to control a majority of the combined voting power of our Ordinary Shares and therefore be able to control all matters submitted to our shareholders for approval, so long as the Class B Ordinary Shares represent at least 9.1% of all outstanding shares of our Ordinary Shares.

You will experience immediate and substantial dilution as a result of this Offering and may experience additional dilution in the future.

You will incur immediate and substantial dilution as a result of this Offering and the automatic conversion of the Series A Notes and the Bond. After giving effect to the sale by us of up to 1,898,734 Class A Ordinary Shares offered in this Offering at an assumed public offering price of $15.8 per share, issuance of 353,506 Class A Ordinary Shares upon the automatic conversion of the Series A Notes and automatic conversion of the Bond (10% of the Bond principal) at the closing of this Offering and the commencement of the trading of the Class A Ordinary Shares on NASDAQ Global Market, investors in this Offering can expect an immediate dilution of $14.1 per share, or 89% at the assumed public offering price. You may also experience further dilution to the extent that Class A Ordinary Shares are to be issued upon exercise of the Series A Note PA Warrants and the Bond PA Warrants and upon the Bond holder's voluntary conversion of the balance of the Bond. Additionally, in the event that those warrants or options we may grant to our officers, directors and employees are ultimately exercised, you will sustain future dilution. We may also acquire or license other technology or finance strategic alliances by issuing equity, which may result in additional dilution to our shareholders.

Raising additional capital may cause dilution to our shareholders, restrict our operations or require us to relinquish rights to our technology or drug and device candidates.

We may seek additional funding through a combination of equity offerings, debt financings, collaborations, licensing arrangements, strategic alliances and marketing or distribution arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our Class A Ordinary 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 IP 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 Class A Ordinary Shares to decline. In the event that we enter into collaborations or licensing arrangements to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to another party on unfavorable terms our rights to technology or drug and device 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.

Resales of our Class A Ordinary Shares in the public market during this Offering by the Selling Shareholders or investors in this Offering may cause the market price of our Class A Ordinary Shares to decline.

Sales of Resale Shares, as well as the issuance of Class A Ordinary Shares in this Offering could result in resales of our Class A Ordinary Shares by our current shareholders concerned about the potential dilution of their holdings. In turn, these resales could have the effect of depressing the market price for our Class A Ordinary Shares.

Since we are a Cayman Islands exempted company, the rights of our shareholders may be more limited than those of shareholders of a company organized in the United States.

Our corporate affairs are governed by our Second Amended and Restated Memorandum and Articles of Association (as may be amended from time to time) ("Memorandum and Articles"), the Companies Law (2018 Revision) of the Cayman Islands (the "Companies Law") and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors are to a large extent governed by the common law of the Cayman Islands. This common law is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. Under the laws of some jurisdictions in the United States, majority and controlling shareholders generally have certain fiduciary responsibilities to the minority shareholders. Shareholder action must be taken in good faith, and actions by controlling shareholders which are obviously unreasonable may be declared null and void. Cayman Islands law protecting the interests of minority shareholders may not be as protective in all circumstances as the law protecting minority shareholders in some U.S. jurisdictions. In addition, the circumstances in which a shareholder of a Cayman Islands company may sue the company derivatively, and the procedures and defenses that may be available to the company, may result in the rights of shareholders of a Cayman Islands company being more limited than those of shareholders of a company organized in the United States. Accordingly, shareholders may have fewer alternatives available to them if they believe that corporate wrongdoing has occurred. The Cayman Islands courts are also unlikely to recognize or enforce judgments from U.S. courts based on certain liability provisions of U.S. securities laws that are penal in nature. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will generally recognize and enforce non-penal judgment of a foreign court of competent jurisdiction without retrial on its merits. This means, even if shareholders were to sue us successfully, they may not be able to recover anything to make up for the losses suffered.

Furthermore, our directors have the power to take certain actions without shareholder approval which would require shareholder approval under the laws of most U.S. jurisdictions. For example, the directors of a Cayman Islands company, without shareholder approval, may implement a sale of any assets, property, part of the business, or securities of the Company.

While Cayman Islands law allows a dissenting shareholder to express the shareholder's view that a court sanctioned reorganization of a Cayman Islands company would not provide fair value for the shareholder's shares, Cayman Islands statutory law does not specifically provide for shareholder appraisal rights on a merger or consolidation of a company. This may make it more difficult for you to assess the value of any consideration you may receive in a merger or consolidation or to require that the acquirer gives you additional consideration if you believe the consideration offered is insufficient. However, Cayman Islands' statutory law does provide a mechanism for a dissenting shareholder in a merger or consolidation to apply to the Grand Court for a determination of the fair value of the dissenter's shares, if it is not possible for the Company and the dissenter to agree a fair price within the time limits prescribed.

Shareholders of Cayman Islands exempted companies, such as our Company, have no general rights under Cayman Islands' law to inspect corporate records and accounts or to obtain copies of lists of shareholders. Our directors have discretion under our Memorandum and Articles to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Lastly, under the law of the Cayman Islands, there is little statutory law for the protection of minority shareholders. The principal protection under statutory law is that shareholders may bring an action to enforce the constituent documents of the corporation, our Memorandum and Articles. Shareholders are entitled to have the affairs of the company conducted in accordance with the general law and the memorandum and articles of association.

There are common law rights for the protection of shareholders that may be invoked, largely dependent on English company law, since the common law of the Cayman Islands for business companies is limited. Under the general rule pursuant to English company law known as the rule in Foss v. Harbottle, a court will generally refuse to interfere with the management of a company at the insistence of a minority of its shareholders who express dissatisfaction with the conduct of the company's affairs by the majority or the board of directors. However, every shareholder is entitled to have the affairs of the company conducted properly according to law and the constituent documents of the company. As such, if those who control the company have persistently disregarded the requirements of company law or the provisions of the company's memorandum and articles of association, then the courts will grant relief. Generally, the areas in which the courts will intervene are the following: (1) an act complained of which is outside the scope of the authorized business or is illegal or not capable of ratification by the majority; (2) acts that constitute fraud on the minority where the wrongdoers control the company; (3) acts that infringe on the personal rights of the shareholders, such as the right to vote; and (4) where the company has not complied with provisions requiring approval of a special or extraordinary majority of shareholders, which are more limited than the rights afforded minority shareholders under the laws of many states in the United States. Our Cayman Islands' counsel has advised us that they are aware of one recent as yet unreported derivative action having been brought in a Cayman Islands' court. Class actions are not recognized in the Cayman Islands, but groups of shareholders with identical interests may bring representative proceedings, which are similar.

As a result, you may be limited in your ability to protect your interests if you are harmed in a manner that would otherwise enable you to sue in a United States federal court. In addition, shareholders of Cayman Islands companies may not have standing to initiate a shareholder derivative action in U.S. federal courts.

As a result of all of the above, shareholders of our Company may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would have as shareholders of a public U.S. company.

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited because we are incorporated under Cayman Islands law, we currently conduct substantially all of our operations outside the United States and some of our directors and executive officers reside outside the United States.

We are incorporated in the Cayman Islands and currently conduct substantially all of our operations outside the United States through our subsidiaries. Some of our directors and executive officers reside outside the United States and a substantial portion of their assets are located outside of the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the Cayman Islands or in Hong Kong, in the event that you believe that your rights have been infringed under the securities laws of the United States or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and Hong Kong may render you unable to enforce a judgment against our assets or the assets of our directors and officers. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States or Hong Kong, although the courts of the Cayman Islands will generally recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits if such judgment is final, for a liquidated sum, not in the nature of taxes, a fine or penalty, is not inconsistent with a Cayman Islands' judgment in respect of the same matters, and was not obtained in a manner which is contrary to public policy. In addition, a Cayman Islands court may stay proceedings if concurrent proceedings are being brought elsewhere.

You must rely on the judgment of our management as to the use of the net proceeds from this Offering, and such use may not produce income.

A significant portion of the net proceeds of this Offering is allocated for general corporate purposes, including funding research and development, clinical trials, potential investments in and acquisitions of complementary businesses, assets and technology. Although we describe a number of projects currently under development, including three that we have described as being our Lead Projects, because other opportunities may arise and because of the uncertainties inherent in drug development, our management will have considerable discretion in the application of the net proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. The net proceeds may be used for corporate purposes that do not improve our efforts to achieve or maintain profitability. The net proceeds from this Offering may be expended on projects that do not produce income or that lose value.

We are an emerging growth company within the meaning of the Securities Act and will take advantage of certain reduced reporting requirements.

Upon the consummation of this Offering, we will be an "emerging growth company," as defined in the JOBS Act and we may take advantage of certain exemptions from various requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act for so long as we are an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors, including the holders of Class A Ordinary Shares converted from the Series A Notes and Bonds, may not have access to certain information they may deem important.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. The Company has elected to use the extended transition period for complying with new or revised accounting standard under Section 102(b)(2) of the Jobs Act, that allows the Company to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives and corporate governance practices.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the NASDAQ Global Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified members of our Board of Directors.

We are evaluating these rules and regulations, and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Pursuant to Section 404 of the Sarbanes-Oxley Act, we will first be required to furnish a report by our management on our internal control over financial reporting for the year ending December 31, 2018. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 of the Sarbanes-Oxley Act within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404 of the Sarbanes-Oxley Act. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the sections titled “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Our Business” contains forward-looking statements that are based on our management’s belief and assumptions and on information currently available to our management. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements in this prospectus include, but are not limited to, statements about:

- the initiation, timing, progress and results of our preclinical and clinical trials, and our research and development programs;
- our ability to advance our drug candidates into, and successfully complete, clinical trials;
- our ability to identify and develop new drug and device candidates;
- our reliance on the success of our drug candidates currently undergoing preclinical development; in particular, our Lead Project candidates;

- the timing or likelihood of regulatory filings and approvals;
- the commercialization of our drug and device candidates, if approved;
- our ability to develop sales and marketing capabilities;
- the pricing and reimbursement of our drug candidates, if approved;
- the implementation of our business model, strategic plans for our business and technology;
- the scope of protection we are able to establish and maintain for IP rights covering our drug and device candidates and technology;
- our ability to operate our business without infringing the IP rights and proprietary technology of other parties;
- costs associated with defending IP infringement, product liability and other claims;
- regulatory development in the U.S., Europe and PRC and other jurisdictions;
- estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
- the potential benefits of strategic collaboration agreements and our ability to enter into strategic arrangements;
- our ability to maintain and establish collaborations or obtain additional grant funding; the rate and degree of market acceptance of our drug and device candidates;
- developments relating to our competitors and industry, including competing therapies;
- our ability to effectively manage our anticipated growth;
- our ability to attract and retain qualified employees and key personnel;
- our expectations regarding the period during which we qualify as an emerging growth company under the JOBS Act;
- statements regarding future revenue, hiring plans, expenses, capital expenditures, capital requirements and share performance;
- our expected use of proceeds of this Offering, the Series A Note Offering and the Bond Offering;
- the future trading price of our Class A Ordinary Shares and impact of securities analysts' reports on these prices; and
- other risks and uncertainties, including those listed under the caption "Risk Factors."

In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these terms or other comparable terminologies. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under "Risk Factors" and elsewhere in this prospectus. If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance. You should read this prospectus and the documents that we reference in this prospectus and have filed with the SEC as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements.

The forward-looking statements in this prospectus represent our views as of the date of this prospectus. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. You should therefore not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this prospectus.

This prospectus contains market data and industry forecasts that were obtained from industry publications. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we believe the market position, market opportunity and market size information included in this prospectus is generally reliable, such information is inherently imprecise.

TRADEMARKS, SERVICE MARKS AND TRADENAMES

This prospectus contains trademarks, service marks and trade names of others, which are the property of their respective owners. Solely for convenience, the trademarks, service marks, logos and trade names referred to in this prospectus are included without the ® and ™ symbols. All trademarks, service marks and trade names appearing in this prospectus are, to our knowledge, the property of their respective owners. We do not intend our use or display of other companies' trademarks, service marks, copyrights or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies or unrelated parties.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this Offering of up to $27 million, based on an assumed price to the public in this Offering of $15.8 per share, after deducting underwriting discounts and commissions and estimated offering expenses.

	Use of net proceeds (in millions) (Minimum offering amount)	***Use of net proceeds (in millions) (Maximum offering amount)***
Fund preclinical and clinical development:		
Development through Phase I of our Lead Projects	***approximately US$7.0***	***approximately US$18.0***
Development of our non-therapeutic projects	***approximately US$0.5***	***approximately US$3.0***
Set up a self-owned laboratory in Fo Tan, Hong Kong	***approximately US$1.0***	***approximately US$2.5***
Fund Other non-Lead Projects under Development (other than non-therapeutic projects), general research and development activities, working capital and other general corporate activities	***approximately US$0.5***	***approximately US$3.5***

As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds from this Offering. The amounts and timing of our actual expenditures may vary significantly from our expectations depending upon numerous factors, including the progress of our research, development and commercialization efforts, the progress of our preclinical trials, and our operating costs and capital expenditures. Drug discovery and development in the pharmaceutical industry is characterized by significant risks and uncertainties inherent in the research, clinical development and regulatory approval process. These uncertainties make it difficult for us to estimate the costs to conduct our research and development and complete our preclinical trials. Accordingly, we will retain broad discretion in the allocation of the net proceeds of this Offering, and we reserve the right to change the allocation of use of these proceeds as a result of contingencies such as the progress and results of our preclinical trials and our research and development activities, the results of our commercialization efforts, competitive developments and our manufacturing requirements. In addition, when and if the opportunity arises, we may use a portion of the proceeds to license, acquire or invest in complementary businesses, products, or technologies. In order to license, acquire or invest in complementary businesses, products or technologies, we may need to curtail our development of our Other Projects under Development described above, or enter into agreements allowing others to obtain rights for further development of one or more of our drug and device candidates earlier than anticipated. We currently have no commitments or agreements to acquire any such businesses, products or technologies, and we cannot determine with certainty which, if any, of the programs above might be affected should we enter into any such commitments.

We will not receive any of the proceeds from the sale of the Class A Ordinary Shares being offered by the Selling Shareholders, although we may receive additional proceeds of up to approximately $913,000 if all of the Series A Note PA Warrants and the Bond PA Warrants are exercised for cash, of which there can be no guarantee. We will not receive any additional proceeds to the extent that the Series A Note PA Warrants and the Bond PA Warrants are exercised by cashless exercise. We expect to use the proceeds received from the exercise of those warrants, if any, for general working capital purposes. We cannot assure you, however, that any of those warrants will ever be exercised.

The net proceeds from this Offering, together with our cash and marketable securities, will not be sufficient for us to fund any of our product candidates through regulatory approval, and we will need to raise additional capital to complete the development of our product candidates. We may satisfy our future cash needs through the sale of equity securities, debt financings, working capital lines of credit, corporate collaborations or license agreements, grant funding, through interest income earned on cash balances or a combination of one or more of these sources. This expected use of net proceeds from this Offering represents our intentions based upon our current plans and business conditions, which could change in the future as our plans and business conditions evolve. The amounts and timing of our actual expenditures may vary significantly depending on numerous factors, including the progress of our development, the status of and results from different preclinical and clinical trials, as well as any collaborations that we may enter into with third parties for our programs, and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net proceeds. We cannot specify with certainty all of the particular uses for the net proceeds to be received upon the closing of this Offering.

DIVIDEND POLICY

We have never declared or paid cash dividends to our shareholders, and we do not intend to pay cash dividends in the foreseeable future. We intend to reinvest any earnings in developing and expanding our business. Any future determination relating to our dividend policy will be at the discretion of our Board of Directors and will depend on a number of factors, including future earnings, our financial condition, operating results, contractual restrictions, capital requirements, business prospects, our strategic goals and plans to expand our business, applicable law and other factors that our Board of Directors may deem relevant.

Under Cayman Islands law, dividends may be declared and paid only out of funds legally available therefor, namely out of either profit or our share premium account, and provided further that a dividend may not be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business.

(See “Risk Factors – We have not paid dividends in the past and do not expect to pay dividends in the future, and any return on investment may be limited to the value of our shares” and “Description of Share Capital – Dividends”)

CAPITALIZATION

The following table presents our capitalization as of June 30, 2018:

- on an actual basis (column 1);
- on a pro forma basis, to give effect to the issuance of 22,437,754 Class A Ordinary Shares issuable upon conversion of the Class B Ordinary Shares; (See "Transactions with Related Persons") (column 2); and
- on a pro forma as-adjusted basis, to give effect and the issuance of 1,898,734 Class A Ordinary Shares in this Offering (or 632,912 Class A Ordinary Shares if only the minimum offering is sold) and the issuance of 230,252 Class A Ordinary Shares[1] as a result of the automatic conversion of the Notes issued in the Series A Note Offering, each at an assumed price to the public of $15.8, after deducting underwriting discounts and commissions and estimated offering expenses, and the issuance of 123,254 Class A Ordinary Shares as a result of the automatic partial conversion of the Bond based on a 23% discount to the initial offering price (columns 3 and 4).

This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements, consolidated financial statements and related notes included elsewhere in this prospectus.

			June 30, 2018	
	1	2	3	4
	Actual	Pro Forma	As adjusted (Minimum offering amount)	As adjusted (Maximum offering amount)
	US$	US$	US$	US$
Equity				
Class A Ordinary Shares	5,426,381	27,864,135	28,850,553	30,116,375
Class B Ordinary Shares	22,437,754	-	-	-
Additional paid-in capital[(1)]	5,346,129	5,346,129	16,459,972	33,194,139
Accumulated other comprehensive loss	(545,642)	(545,642)	(545,642)	(545,642)
Accumulated deficit	(8,035,834)	(8,035,834)	(8,035,834)	(8,035,834)
Non-controlling interests	(113,341)	(113,341)	(113,341)	(113,341)
Total equity	24,515,447	24,515,447	36,615,708	54,615,697
Total capitalization	24,515,447	24,515,447	36,615,708	54,615,697

(1) Pro forma additional paid-in capital reflects the net proceeds we expect to receive, after deducting underwriting fee, underwriters expense allowance and other expenses. We expect to receive net proceeds of (a) approximately $9,000,000 if minimum offering is raised or (b) approximately $27,000,000 if maximum offering is raised).

The information above is illustrative only and our capitalization following the completion of this Offering and the Series A Note Offering will be adjusted based on the actual initial public offering price and other terms of this Offering determined at pricing.

A $1.00 increase (decrease) in the assumed initial public offering price of $15.8 per Class A Ordinary Share would increase (decrease) the amount of cash and cash equivalents, additional paid-in capital, total (deficit) equity and total capitalization on a pro forma as adjusted basis by approximately $1.71 million (for maximum offering amount) or $0.57 million (for minimum offering amount), assuming the number of Class A Ordinary Shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 100,000 Class A Ordinary Shares offered by us would increase (decrease) cash and cash equivalents, total (deficit) equity and total capitalization on a pro forma as adjusted basis by approximately $1.42 million (for both maximum offering amount and minimum offering amount), assuming the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

[1] Pursuant to the terms of the Note, no fractional shares or securities shall be issued upon conversion of the Note; in lieu thereof, the Company shall pay an amount equal to the product obtained by multiplying the applicable Conversion Price in such conversion, by the fraction of a share or such other security not issued pursuant to the previous sentence. Accordingly, full conversion of the Notes would result in the issuance of an aggregate of 230,252 Class A Ordinary Shares and $149, based on a conversion price of $6.95 per share.

DILUTION

If you invest in the Class A Ordinary Shares in this Offering, your interest will be diluted to the extent of the difference between the initial public offering price per Class A Ordinary Share and the pro forma as adjusted net tangible book value per Class A Ordinary Share immediately after this Offering. Dilution results from the fact that the initial public offering price per Class A Ordinary Share is substantially in excess of the book value per Class A Ordinary Share attributable to the existing shareholders for our presently outstanding Class A Ordinary Share.

As of June 30, 2018, our pro forma net tangible book value was approximately $23.06 million, or $0.83 per Class A Ordinary Share. Our pro forma net tangible book value per Class A Ordinary Share is our net tangible book value divided by the number of Class A Ordinary Shares including the Class A Ordinary Shares to be issued upon conversion of outstanding Class B Ordinary Shares) outstanding as of June 30, 2018 after giving effect to the issuance of 22,437,754 Class A Ordinary Shares upon conversion of the Class B Ordinary Shares, which represents 81% of our fully-diluted equity capitalization immediately prior to the consummation of this Offering. (See “Transactions with Related Persons”)

After giving effect to (a) the pro forma adjustment described above and (b) our issuance and sale of 1,898,734 Class A Ordinary Shares (for maximum offering amount) or 632,912 Class A Ordinary Shares (for minimum offering amount) in this Offering and our issuance of 353,506 Class A Ordinary Shares underlying the Bond and Series A Notes automatically converted at the discounted rate based on an assumed initial public offering price of $15.8, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2018 would have been approximately $50.06 million (for maximum offering amount) and $32.06 million (for minimum offering amount), or $1.66 per Class A Ordinary Share (for maximum offering amount) and $1.11 per Class A Ordinary Share (for minimum offering amount).

This amount represents an immediate increase in pro forma net tangible book value of $0.83 per Class A Ordinary Share (for maximum offering amount) or $0.28 per Class A Ordinary Shares (for minimum offering amount) to the existing shareholders and an immediate dilution in net tangible book value of 89% per share or $14.14 per Class A Ordinary Share (for maximum offering amount), or 93% per shares or $14.69 per Class A Ordinary Share (for minimum offering amount), to investors purchasing Class A Ordinary Shares in this Offering. We determined dilution by subtracting the pro forma as adjusted net tangible book value per Class A Ordinary Share after this Offering and the Series A Note Offering from the assumed initial public offering price per Class A Ordinary Share

The following table illustrates such dilution:

	Minimum Offering Amount		Maximum Offering Amount	
Initial public offering price per Class A Ordinary Share	US$	15.80	US$	15.80
Net tangible book value per Class A Ordinary Share as of June 30, 2018	US$	0.83	US$	0.83
As adjusted net tangible book value per Class A Ordinary Share attributable to payments by new investors	US$	1.11	US$	1.66
Increase in pro forma net tangible book value per Class A Ordinary Share attributable to new investors	US$	0.28	US$	0.83
Amount of dilution in net tangible book value per Class A Ordinary Share to new investors in the Offering	US$	14.69	US$	14.14

A $1 increase (decrease) in the assumed initial public offering price of $15.8 per Class A Ordinary Share would increase (decrease) the dilution to new investors by $0.94 per Class A Ordinary Share (for maximum offering amount) or $0.98 per Class A Ordinary Share (for minimum offering amount), assuming the number of Class A Ordinary Shares offered by us, as set forth on the cover page of this prospectus, remains the same but adjusting the number of Class A Ordinary Shares issuable upon the automatic conversion of the Bond and Series A Notes sold by us in the Series A Note Offering in accordance with the terms thereof, and after deducting underwriting discounts and commissions and estimated expenses payable by us. Similarly, each increase (decrease) of 100,000 Class A Ordinary Shares offered by us would decrease (increase) the dilution to new investors by $0.06 per Class A Ordinary Share (for both maximum offering amount and minimum offering amount), assuming the assumed initial public offering price remains the same and after deducting underwriting discounts and commissions and estimated expenses payable by us.

The following tables summarize, on a pro forma as adjusted basis as of June 30, 2018, the differences between existing shareholders (Class A Ordinary Shares and Class B Ordinary Shares, on an as converted basis), the investors in the Series A Note Offering and Bond Offering and new investors in this Offering with respect to the number of Class A Ordinary Shares purchased from us assuming the maximum offering amount or minimum offering amount is sold, as indicated below, the total consideration paid and the average price per Class A Ordinary Share paid before deducting underwriting discounts and commissions and estimated offering expenses payable by us, at an assumed initial public offering price of $15.8 per Class A Ordinary Share. The total number of Class A Ordinary Shares does not include Class A Ordinary Shares issuable upon the exercise of any of the warrants issued to the placement agent or underwriter.

Maximum offering:

	Class A Ordinary Shares purchased		Total consideration		Average price per Class A Ordinary
	Number	Percent	Amount	Percent	Share
Existing shareholders	27,864,135	92.5%	US$ 33,090,663	50.0%	US$ 1.19
Investors in the Series A Note Offering	230,252	0.8%	US$ 1,600,251	2.4%	US$ 6.95
Investors in partial conversion of the Bond	123,254	0.4%	US$ 1,500,001	2.3%	US$ 12.17
New investors	1,898,734	6.3%	US$ 30,000,000	45.3%	US$ 15.80
Total	30,116,375	100%	US$ 66,190,915	100%	US$ 2.20

Minimum offering:

	Class A Ordinary Shares purchased		Total consideration		Average price per Class A Ordinary
	Number	Percent	Amount	Percent	Share
Existing shareholders	27,864,135	96.6%	US$ 33,090,663	71.6%	US$ 1.19
Investors in the Series A Note Offering	230,252	0.8%	US$ 1,600,251	3.5%	US$ 6.95
Investors in partial conversion of the Bond	123,254	0.4%	US$ 1,500,001	3.2%	US$ 12.17
New investors	632,912	2.2%	US$ 10,000,000	21.7%	US$ 15.80
Total	28,850,553	100%	US$ 46,190,915	100%	US$ 1.60

The pro forma as adjusted information discussed above is illustrative only. Our net tangible book value following the closing of this Offering and the Series A Note Offering is subject to adjustment based on the actual initial public offering price of the Class A Ordinary Shares and other terms of this Offering determined at pricing.

To the extent that any equity awards are granted under the Option Plan in the future, you will experience further dilution. In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities may result in further dilution to our shareholders.

SELECTED FINANCIAL DATA

The following summary statements of operations (predecessor basis) for the year ended December 31, 2016 and for the period January 1, 2017 through February 28, 2017, as well as the related consolidated statements of operations and comprehensive loss (successor basis) for the period March 1, 2017 through December 31, 2017, have been derived from our audited financial statements included elsewhere in this prospectus. The related consolidated statements of operations and comprehensive income (loss) (successor basis) for the period March 1, 2017 through June 30, 2017 and period January 1, 2018 through June 2018 have been derived from our unaudited financial statements included elsewhere in this prospectus. You should read this data together with our audited consolidated financial statements and related notes appearing elsewhere in this prospectus and the information under the captions "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our historical results are not necessarily indicative of our future results. Our consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP.

Selected statements of operations data (Predecessor basis):	**Year ended December 31, 2016**	**January 1, 2017 through February 28, 2017**
Total investment income	$ 86,442	$ 3,011
Total expense	878,234	227,027
Net investment loss	(791,792)	(224,016)
Net realized and unrealized losses	(1,342,723)	(402,068)
Net decrease in net assets resulting from operations	$ (2,134,515)	$ (626,084)

Selected consolidated statements of operations and comprehensive loss data (Successor basis):	**Ten Months Ended December 31, 2017**	**Four Months Ended June 30, 2017**	**Six Months Ended June 30, 2018**
		(Unaudited)	(Unaudited)
Revenue	$ -	$ -	$ 26,662
Total expense	5,693,083	968,589	4,901,398
Total other income (loss), net	3,131,576	(68,710)	(661,206)
Net loss	(2,561,507)	(1,037,299)	(5,535,942)
Less: net loss attributable to non-controlling interests	(14,045)	(8,893)	(47,570)
Net loss attributable to Aptorum Group Limited	$ (2,547,462)	(1,028,406)	(5,488,372)
Net loss per share - basic and diluted	$ (0.09)	(0.04)	(0.20)
Weighted-average shares outstanding - basic and diluted	$ 26,963,435	25,674,321	27,864,135
Comprehensive (loss) income	$ (2,929,289)	2,741,287	(5,713,802)

Selected statements of net assets data (Predecessor basis):	**December 31, 2016**	**February 28, 2017**
Total assets	$ 25,384,582	$ 24,713,446
Total liabilities	269,836	224,784
Net assets	$ 25,114,746	$ 24,488,662
Net assets value per share	$ 97.85	$ 95.45

Selected consolidated balance sheet data (Successor basis):	December 31, 2017	June 30, 2018
		(Unaudited)
Total assets	$ 31,559,982	$ 41,465,225
Total liabilities	1,330,734	16,949,778
Non-controlling interests	(14,045)	(113,341)
Total equity attributable to the shareholders of Aptorum Group Limited	$ 30,243,293	$ 24,628,788

Selected statements of cash flows data (Predecessor basis):	Year ended December 31, 2016	January 1, 2017 through February 28, 2017
Net cash used in operating activities	$ (2,807,549)	$ (271,660)
Net cash provided by financing activities	438,298	-
Net decrease in cash	(2,369,251)	(271,660)
Cash at beginning of period	2,670,894	301,643
Cash at end of period	$ 301,643	$ 29,983

Selected consolidated statement of cash flows data (Successor basis):	Ten Months Ended December 31, 2017	Four Months Ended June 30, 2017	Six Months Ended June 30, 2018
		(Unaudited)	(Unaudited)
Net cash used in operating activities	$ (5,782,695)	$ (1,081,185)	$ (6,315,706)
Net cash provided by (used in) investing activities	12,802,718	2,997,715	(2,779,328)
Net cash provided by financing activities	9,082,001	8,345,799	15,296,425
Net increase in cash and restricted cash	16,102,024	10,262,329	6,201,391
Cash and restricted cash at beginning of period	623,783	623,783	16,725,807
Cash and restricted cash at end of period	$ 16,725,807	10,886,112	22,927,198

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the section titled "Selected Financial Data" and the financial statements, consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed in the section titled "Risk Factors" and in other parts of this prospectus. Our financial statements and consolidated financial statements have been prepared in accordance with U.S. GAAP.

Overview

We are a Hong Kong based pharmaceutical company currently in the preclinical stage, dedicated to developing and commercializing a broad range of therapeutic and diagnostic technologies to tackle unmet medical needs. We have obtained exclusive licenses for our technologies. In addition, we are also developing certain proprietary technologies as product candidates. We are pursuing therapeutic and diagnostic projects (including projects seeking to use extracts or derivatives from natural substances to treat diseases) in neurology, infectious diseases, gastroenterology, oncology and other disease areas. We also have projects focused on surgical robotics. (See "Our Business – Lead Projects and Other Projects under Development – Lead Projects" and "Our Business – Lead Projects and Other Projects under Development – Other Projects under Development") Also, we opened a medical clinic, AML Clinic, in June 2018. Its initial focus is on treatment of chronic diseases resulting from modern sedentary lifestyles and aging population.

Although none of our drug or device candidates has yet been approved for testing in humans, our goal is to develop a broad range of early stage novel therapeutics and diagnostics across a wide range of disease/therapeutic areas. Key components of our strategy for achieving this goal include: (for details of our strategy, see "Our Business – Our Strategy")

- Developing therapeutic and diagnostic innovations across a wide range of disease/therapeutic areas;
- Selectively expanding our portfolio with potential products that may be able to attain orphan drug designation and/or satisfy current unmet medical needs;
- Collaborating with leading academic institutions and CROs;
- Expanding our in-house pharmaceutical development center;
- Leveraging our management's expertise, experience and commercial networks;
- Strategically developing opportunities in Hong Kong to promote access to the PRC market; and
- Obtaining and leveraging government grants, to fund project development.

We intend to devote a significant percentage of our resources, including a substantial portion of the proceeds of this Offering, to three therapeutic projects ("Lead Projects"). The drug candidates being advanced as the Lead Projects are NLS-1, ALS-1 and ALS-4, described in further detail below. If the results of the remaining preclinical studies of these drug candidates are positive, we expect to be able to submit by 2020 or 2021 an Investigational New Drug Application ("IND") for at least one of these candidates to the U.S. Food and Drug Administration ("FDA") or an equivalent application to the regulatory authorities in one or more other jurisdictions such as the China Food and Drug Administration ("CFDA") and/or the European Medicines Agency ("EMA"). Acceptance of these applications by the relevant regulatory authority would enable the Company to begin testing that drug candidate in humans in that jurisdiction. Our ability to obtain any approval of such applications is entirely dependent upon the results of our preclinical studies, none of which have yet been completed.

Our current business consists of "therapeutics" and "non-therapeutics" segments. However, our focus is on the therapeutics segments. Because of the risks, costs and extended development time required for successful drug development, we have determined to pursue projects within our non-therapeutics segments, such as AML Clinic, to provide some interim revenue and medical robots that may be brought to market and generate revenue more quickly.

Therapeutics Segment. In our therapeutics segment ("Aptorum Therapeutics Group"), we are currently seeking to develop various drug molecules (including projects seeking to use extracts or derivatives from natural substances to treat diseases) and certain technologies for the treatment ("therapeutics") and diagnosis ("diagnostics") of human disease conditions in neurology, infectious diseases, gastroenterology, oncology and other disease areas. In addition, we are seeking to identify additional prospects which may qualify for potential orphan drug designation (e.g., rare types of cancer) or which address other current unmet medical needs. Aptorum Therapeutics Group is operated through Aptorum's wholly-owned subsidiary, Aptorum Therapeutics Limited, a Cayman Islands exempted company with limited liability, whose principal place of business is in Hong Kong and its indirect subsidiary companies (who we sometimes refer to herein as project companies), whose principal places of business are also in Hong Kong.

Non-Therapeutics Segment. The non-therapeutics segment ("Aptorum Non-Therapeutics Group") encompasses two businesses: (i) the development of surgical robotics and medical devices and (ii) AML Clinic. The development of surgical robotics and medical devices business is operated through Signate Life Sciences Limited, a subsidiary of Aptorum Therapeutics Limited. The outpatient clinic is operated through our subsidiary, Aptorum Medical Limited. Effective as of March 2018, we leased office space in Central, Hong Kong as the home to AML Clinic. AML Clinic commenced operations under the name of Talem Medical in June 2018. The estimated operating expenses under full capacity operation is to be no more than USD90,000 per month. The clinic is expected to reach operating profit in 18 months from the clinic reaching its full operating capacity upon (i) the successful recruitment of a minimum of six full time physicians (AML Clinic currently has one full time physician and three part time physicians) and (ii) establishing steady patients flow via brand development. (See "Our Business – Lead Projects and Other Projects under Development – Other Projects under Development – Aptorum Medical Limited - AML Clinic")

The Company has already obtained opportunities resulting in our existing licensing agreements from various contractual relationships that we have entered into, including service/consulting agreements with some of the world's leading specialists and clinicians in our areas of interest, with academic institutions and organizations, and with contract research organizations ("CROs"). We anticipate that these relationships will generate additional licensing opportunities in the future. In addition, we have established and are continuing to expand our in-house research facilities (collectively, the "R&D Center") to develop some of our drug and device candidates internally and to collaborate with third-party researchers.

Prior to March 2017, the Company had pursued passive healthcare related investments in early stage companies primarily in the United States. However, we have since ceased pursuing further passive investment operations and intend to exit all such portfolio investments over an appropriate timeframe to focus resources on our current business.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND ASSUMPTIONS

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements and financial statements contained elsewhere in this prospectus, which have been prepared in accordance with U.S. GAAP. Our notes to the consolidated financial statements contained elsewhere in this prospectus describe the significant accounting policies essential to our consolidated financial statements. Preparation of our financial statements requires estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions that we have used are appropriate and correct based on information available at the time they were made. These estimates, judgments and assumptions can affect our reported assets and liabilities as of the date of the financial statements, as well as the reported revenues and expenses during the periods presented. If there are material differences between these estimates, judgments and assumptions and actual facts, our financial statements may be affected.

In many cases, the accounting treatment of a particular transaction is specifically dictated by U.S. GAAP and does not require our judgment in its application. There are areas in which our judgment in selecting among available alternatives would not produce a materially different result, but there are some areas in which our judgment in selecting among available alternatives would produce a materially different result. See the notes to the consolidated financial statements and financial statements that contain additional information regarding our accounting policies and other disclosures.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND ASSUMPTIONS (PREDECESSOR BASIS)

Basis of presentation

The accompanying financial statements are prepared in accordance with U.S. GAAP. As discussed in Note 2 of our audited financial statements included elsewhere in this prospectus, before March 1, 2017, the Company was an investment company under U.S. GAAP for the purposes of financial reporting. U.S. GAAP for an investment company requires investments to be recorded at estimated fair value and the unrealized gains and/or losses in an investment's fair value are recognized on a current basis in the statements of operations. In addition, the Company did not consolidate its subsidiaries, since they were operating companies and not investment companies. Such entities were fair valued in accordance with ASC Topic 946 ("ASC 946") and ASC Topic 820 ("ASC 820").

As of March 1, 2017, after the change of business purpose, legal form and substantive activities, the Company's status changed to an operating company from an investment company since it no longer met the criteria to qualify as an investment company under the ASC 946. The Company discontinued applying the guidance in ASC 946 and began to account for the change in status prospectively by accounting for its investments in accordance with other U.S. GAAP topics.

This change in status and the accounting policies affect the comparability of the financial statements. As such, for the year ended December 31, 2016 and for the period January 1, 2017 through February 28, 2017, the statements of net assets, statements of operations, statements of cash flows and statements of changes in net assets have been presented on the predecessor basis of accounting as an investment company, and on the basis of accounting as an operating company since March 1, 2017. The consolidated balance sheets as of December 31, 2017 and June 30, 2018 have been presented on the successor basis. The interim financial information should be read in conjunction with the Financial Statements and the notes thereto included in the Company's financial statements for the year ended December 31, 2016, for the period January 1, 2017 through February 28, 2017 and period March 1, 2017 through December 31, 2017.

Use of estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations as well as income and expenses during the reporting period. Significant accounting estimates reflected in the Company's financial statements include investments at fair value. Actual results could differ from those estimates.

Foreign currency

The Company's functional currency is US dollars ("USD" or "$"), which is the currency of the primary environment in which it operates in Hong Kong. The Company's performance is evaluated in USD. The fees, charges and allocations are calculated in USD. All subscriptions and redemptions are transacted in USD.

All assets and liabilities denominated in foreign currencies are translated into USD amounts at the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into USD amounts on the respective dates of such transactions. The Company does not separately account for that portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses on investments in the statements of operations. Adjustments arising from foreign currency transactions are reflected in the statements of operations.

Fair value measurement

The Company follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Company's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Company's investments and are summarized in the following fair value hierarchy:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield-curves, default rates, and similar data.

Level 3 - Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the Company's own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND ASSUMPTIONS (SUCCESSOR BASIS)

Basis of presentation

The consolidated financial statements are prepared in accordance with U.S. GAAP.

As of March 1, 2017, after the change of business purpose, legal form and substantive activities, the Company's status changed to an operating company from an investment company since it no longer met the criteria to qualify as an investment company under the ASC 946. The Company discontinued applying the guidance in ASC 946 and began to account for the change in status prospectively by accounting for its investments in accordance with other U.S. GAAP topics.

Principles of consolidation

The consolidated financial statements of the Group are presented on the accrual basis of accounting in accordance with U.S. GAAP and include the accounts of the Company, its direct and indirect wholly and majority owned subsidiaries and a variable interest entity. All material intercompany balances and transactions have been eliminated in preparation of the consolidated financial statements. Non-controlling interests represent the equity interest that is not owned by the Group.

Use of estimates

The preparation of the consolidated financial statements on a successor basis in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations as well as income and expenses during the reporting period. Significant accounting estimates reflected in the Group's consolidated financial statements include fair value of investments in securities, convertible debts and finance lease, the useful lives of intangible assets and property, plant and equipment, impairment of long-lived assets, collectability of receivables. Actual results could differ from those estimates.

Foreign currency translation and transaction

USD is the reporting currency. The functional currency of subsidiaries in the Cayman Islands is USD, the functional currency of subsidiaries in Hong Kong is Hong Kong Dollars ("HKD"), the functional currency of subsidiaries in Macao is Macanese Pataca ("MOP") and the functional currency of subsidiaries in the United Kingdom is British Pound ("GBP"). An entity's functional currency is the currency of the primary economic environment in which it operates, normally that is the currency of the environment in which it primarily generates and expends cash. The management considered various indicators, such as cash flows, market expenses, financing and inter-company transactions and arrangements in determining the Group's functional currency.

In the consolidated financial statements, the financial information of the Company and its subsidiaries, which use HKD and MOP as their functional currency, has been translated into USD. Assets and liabilities are translated from each subsidiary's functional currency at the exchange rates on the balance sheet date, equity amounts are translated at historical exchange rates, and revenues, expenses, gains, and losses are translated using the average rate for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of other comprehensive income or loss in the statement of shareholders' equity and comprehensive income.

Fair value measurement

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact its business, and it considers assumptions that market participants would use when pricing the asset or liability.

As a basis for considering such assumptions, a three-tier fair value hierarchy prioritizes the inputs utilized in measuring fair value as follows:

- Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Impairment of long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. When these events occur, the Group measures impairment by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, the Group would recognize an impairment loss, which is the excess of carrying amount over the fair value of the assets, using the expected future discounted cash flows.

Convertible debts

The Group determines the appropriate accounting treatment of its convertible debts in accordance with the terms in relation to the conversion feature, call and put option, beneficial conversion feature and settlement feature. After considering the impact of such features, the Group concludes that, as of December 31, 2017 and June 30, 2018, the convertible debts contain a contingent beneficial conversion, which shall not be recognized in earnings until the contingency is resolved, and therefore accounts for such instrument as a liability in its entirety.

Convertible debts are subsequently measured at amortized cost, using the effective interest rate method. 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 interest expense in the condensed consolidated statements of operations.

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 the condensed consolidated statements of operations.

Convertible debts are classified as a current liability if their maturity is or will be within one year from the balance sheet date.

Revenue recognition

Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

The Group recognizes revenue when persuasive evidence of the healthcare services is rendered, the services price is fixed or determinable and collectability of the receivable is reasonably assured.

Income taxes

The Group accounts for income taxes under the asset and liability method. Under this method, deferred income taxes are determined based on differences between the financial carrying amounts of existing assets and liabilities and their tax bases. Income taxes are provided for in accordance with the laws of the relevant taxing authorities.

A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will either expire before the Group is able to realize their benefits, or that future deductibility is uncertain. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

RESULTS OF OPERATION (PREDECESSOR BASIS)

Explanatory Note

Before March 1, 2017, Aptorum Group Limited was incorporated as an exempted open-ended investment company with limited liability in the Cayman Islands, which would own and oversee the management, operations and investments of its subsidiaries. On February 21, 2017, a special resolution was passed at a directors' meeting, and on March 1, 2017, a resolution also was passed at a shareholders' meeting. According to which, the Company changed from an investment fund with management shares and non-voting participating redeemable preference shares to a holding company with operating subsidiaries (the "Restructure"). After the Restructure, the Company has become a Hong Kong based pharmaceutical company currently in the preclinical stage. The results of operations and cash flows of the Company for the periods ended on or prior to February 28, 2017, and its financial position as of balance sheet date on or prior to February 28, 2017 are referred to as "Predecessor" financial information.

Financial statements and information are presented for the year ended December 31, 2016 (Predecessor), two months ended February 28, 2017 (Predecessor), which may not be comparable with amounts shown in each year/period.

General and administrative fees

For year ended December 31, 2016 and the period January 1, 2017 to February 28, 2017, the general and administrative fees were $79,750 and $17,516, respectively, which are miscellaneous expenses.

Management fees

AENEAS CAPTIAL LIMITED, formerly known as APTUS CAPITAL LIMITED, a related company of the Group/Company, provided management and administrative services to the Group and incurred pre-determined management fees. For year ended December 31, 2016 and the period January 1, 2017 to February 28, 2017, AENEAS CAPITAL LIMITED was entitled to receive a management fee which was equal to 2.5% per annum of the net asset value of the Company.

Legal and professional fees

For year ended December 31, 2016 and the period January 1, 2017 to February 28, 2017, the legal and professional fees were $106,031 and $98,646, respectively.

Other operating expenses

For the year ended December 31, 2016, other operating expenses were $50,646. For the period January 1, 2017 to February 28, 2017, other operating expenses were $1,907.

Other income

The Company met the assessment of an investment company under the Financial Accounting Standards Board (the "FASB") Accounting Standards Codification Topic 946 ("ASC 946") and was an investment company under U.S. GAAP for the purposes of financial reporting for year ended December 31, 2016 and the period January 1, 2017 to February 28, 2017, which the total income comprising interest income and dividend income were $86,442 and $3,011, respectively.

Realized and unrealized losses on investments and foreign exchange

Realized and unrealized losses on investments and foreign exchange mainly consist of net realized loss on investments in unaffiliated issuers and net unrealized appreciation/depreciation on investments in unaffiliated issuers. For year ended December 31, 2016 and the period January 1, 2017 to February 28, 2017, the realized and unrealized losses were $1,342,723 and $402,068, respectively.

Net decrease in net assets resulting from operations

For year ended December 31, 2016 and the period January 1, 2017 to February 28, 2017, the net decrease in net assets resulting from operations was $2,134,515 and $626,084, respectively.

RESULTS OF OPERATION (SUCCESSOR BASIS)

Explanatory Note

After the Restructure, the results of operations and cash flows of the Group for period beginning March 1, 2017 and its financial position as of March 1, 2017 and subsequent balance sheet dates are referred to herein as "Successor" consolidated financial information.

Financial statements and information are presented for the ten months ended December 31, 2017, four months ended June 30, 2017 and six months ended June 30, 2018 (Successor), which may not be comparable with amounts shown in each year/period.

Research and development expenses

Research and development expenses are comprised of costs incurred in performing research and development activities, including our sponsored research programs with various universities and research institutions and costs in acquiring IP rights which did not meet the criteria of capitalization under U.S. GAAP. We currently do not maintain a system to keep track of costs spent by each project, however, we are currently developing a system based on actual consumption and Company's estimation in allocating various general costs. The following table sets forth a summary of our research and development expenses for the ten months ended December 31, 2017, four months ended June 30, 2017 and six months ended June 30, 2018. The increase in research and development expenses was mainly due to our increased headcount in the Group to support the research operation.

	Ten Months Ended December 31, 2017	Four Months Ended June 30, 2017 (Unaudited)	Six Months Ended June 30, 2018 (Unaudited)
Research and Development Expenses:			
Sponsored research	$ 1,327,247	$ 85,000	$ 306,822
Research grant	800,056	300,000	-
Salary	95,078	-	575,968
Consultation	92,129	-	192,107
Amortization and depreciation	58,903	15,837	160,502
General R&D expense	186,910	58,361	106,780
Total Research and Development Expenses	2,560,323	459,198	1,342,179

General and administrative fees

The following table sets forth a summary of our general and administrative expenses for the ten months ended December 31, 2017, four months ended June 30, 2017 and six months ended June 30, 2018. The increase in general and administration fees was mainly due to the increased headcount in the Group to support the business development and the reclassification of management fees which was separately presented as "Management Fees" before the Restructure. The administrative fees were HKD500,000 (approximately $64,103) per calendar month for the period March 1, 2017 to June 30, 2018.

	Ten Months Ended December 31, 2017	Four Months Ended June 30, 2017 (Unaudited)	Six Months Ended June 30, 2018 (Unaudited)
General and Administrative Fees:			
Administrative fees	$ 640,932	$ 256,316	$ 384,615
Payroll expenses	306,967	12,734	1,060,950
Travelling expenses	175,671	28,139	126,286
Recruitment expenses	125,535	-	29,665
Rent and rates	49,518	-	296,074
Other expenses	181,470	87,554	340,435
Total General and Administrative Fees	$ 1,480,093	384,743	2,238,025

Management fees

AENEAS CAPITAL LIMITED, formerly known as APTUS CAPITAL LIMITED, a related company of the Group/Company, provided management and administrative services to the Group and incurred pre-determined management fees. For the period March 1, 2017 to December 31, 2017, period March 1, 2017 to June 30, 2017 and period January 1, 2018 to June 30, 2018, the administrative fees of $640,932, $256,316 and $384,615, respectively, has been reclassified to general and administrative fees due to the Restructure and since the Company has become a Hong Kong-based pharmaceutical company, so the management fees are no longer determined by net asset value since then.

Legal and professional fees

For the period March 1, 2017 to December 31, 2017, period March 1, 2017 to June 30, 2017 and period January 1, 2018 to June 30, 2018, the legal and professional fees were $1,395,490, $116,501 and $1,063,032, respectively. The increase in legal and professional fees was mainly due to the preparation of IPO and business expansion.

Other operating expenses

The following table sets forth a summary of our other operating expenses for the ten months ended December 31, 2017, four months ended June 30, 2017 and six months ended June 30, 2018. The increase in event and meeting expenses was mainly due to more corporate events held to present the expansion of operation.

	Ten Months Ended December 31, 2017	Four Months Ended June 30, 2017	Six Months Ended June 30, 2018
Other Operating Expenses:			
Event and meeting expenses	$ 82,027	$ -	$ 131,926
Commission expenses	55,726	-	-
Other expenses	119,424	8,147	103,487
Total Other Operating Expenses	$ 257,177	8,147	235,413

Other income

The following table sets forth a summary of our general and administrative expenses for the ten months ended December 31, 2017, four months ended June 30, 2017 and six months ended June 30, 2018.

	Ten Months Ended December 31, 2017	Four Months Ended June 30, 2017	Six Months Ended June 30, 2018
Other income (expense):			
Interest income (loss), net	$ 44,269	$ 30,605	$ (301,362)
Dividend income	2,308	2,308	-
Gain on investments in marketable securities, net	3,912,500	171,250	-
Loss on investments in derivatives, net	(827,501)	(272,873)	(359,844)
Total other income (expense)	$ 3,131,576	(68,710)	(661,206)

Net loss attributable to Aptorum Group Limited

For the period March 1, 2017 to December 31, 2017, period March 1, 2017 to June 30, 2017 and period January 1, 2018 to June 30, 2018, net loss attributable to Aptorum Group Limited (excluding net loss attributable to non-controlling interests) was $2,547,462, $1,028,406 and $5,488,372, respectively.

LIQUIDITY AND CAPITAL RESOURCES

We had cash of approximately $6.7 million as of June 30, 2018, as compared to $16.2 million and $0.3 million as of December 31, 2017 and 2016, respectively. Our cash consists of cash on hand and bank deposits, which are unrestricted as to withdrawal or use.

The Group believes that available cash should enable the Group to meet present anticipated cash needs for at least the next 12 months after the date that the financial statements are issued, and the Group has prepared the consolidated financial statements on a going concern basis.

CONTINGENT PAYMENT OBLIGATIONS

We have entered into agreements with unrelated parties for purchasing office and laboratory equipment. As of June 30, 2018, we had non-cancellable purchase commitments of $358,099.

The Company has additional contingency payment obligations under each of the license agreements, such as milestone payments, royalties, research and development funding, if certain condition or milestone is met.

Milestone payments are to be made upon achievements of certain conditions, such as Investigational New Drugs (“IND”) filing or U.S. Food and Drug Administration (“FDA”) approval, first commercial sale of the licensed products, or other achievements. The aggregate amount of the milestone payments that the Company are required to pay up to different achievements of conditions and milestones for all the license agreements signed as of June 30, 2018 are below:

	Amount
Drug molecules: up to the conditions and milestones of	
Preclinical to IND filing	$ 372,564
From entering phase 1 to before first commercial sale	24,216,410
First commercial sale	15,656,410
Net sales amount more than certain threshold in a year	75,769,231
Subtotal	116,014,615
Surgical robotics and medical devices: up to the conditions and milestones of	
Before FDA approval	300,000
FDA approval obtained	200,000
Subtotal	500,000
Total	$ 116,514,615

For the period January 1, 2018 through June 30, 2018 and period March 1, 2017 through December 31, 2017, the Company did not owe any milestone payments, royalties or research and development funding. As of June 30, 2018, no milestone payments had been triggered under any of the existing license agreements.

CONDENSED SUMMARY OF OUR CASH FLOWS (PREDECESSOR BASIS)

Operating activities

Net cash used in operating activities amounted to $2.8 million for the year ended December 31, 2016. During the year, the Company had net decrease in net assets resulting from operations of $2.1 million. In addition, the Group had unrealized depreciation on investments of $0.5 million, net realized loss on sales of investments in unaffiliated issuers of $0.8 million, capital invested in a subsidiary of $1.0 million, proceeds from sales of investment securities of $4.1 million, and purchases of investment securities of $5.0 million.

Net cash used in operating activities amounted to $0.3 million for the period January 1, 2017 to February 28, 2017. During the period, the Company had net decrease in net assets resulting from operations of $0.6 million and unrealized depreciation on investments of $0.4 million.

Investing activities

No cash flow from investing activities for year ended December 31, 2016 and the period January 1, 2017 to February 28, 2017.

Financing activities

Net cash provided by financing activities amounted to $0.4 million for the year ended December 31, 2016. During the year, the Company had repayment of short term loans of $2.1 million and proceeds from issuance of shares of $2.5 million.

Net cash flow from financing activities was nil for the period January 1, 2017 to February 28, 2017.

CONDENSED SUMMARY OF OUR CASH FLOWS (SUCCESSOR BASIS)

	Ten Months Ended December 31, 2017	Four Months Ended June 30, 2017	Six Months Ended June 30, 2018
Net cash used in operating activities	$ (5,782,695)	$ (1,081,185)	$ (6,315,706)
Net cash provided by (used in) investing activities	12,802,718	2,997,715	(2,779,328)
Net use provided by financing activities	9,082,001	8,345,799	15,296,425
Net increase in cash and restricted cash	16,102,024	10,262,329	6,201,391

Operating activities

Net cash used in operating activities amounted to $5.8 million for the period March 1, 2017 to December 31, 2017. During the period, the Group had net loss of $2.6 million. Meanwhile, the Group had gain on investment in marketable securities of $3.9 million, loss on investments in derivatives of $0.8 million and an increase of other receivables and prepayments of $0.3 million.

Net cash used in operating activities amounted to $1.1 million for the period March 1, 2017 to June 30, 2017. During the period, the Group had net loss of $1.0 million. Meanwhile, the Group had gain on investments in marketable securities of $0.2 million, loss on investments in derivatives of $0.3 million, an increase of amounts due from brokers of $0.3 million and an increase of accounts payable and accrued expenses of $0.2 million.

Net cash used in operating activities amounted to $6.3 million for the period January 1, 2018 to June 30, 2018. During the period, the Group had net loss of $5.5 million. Meanwhile, the Group had an increase of long-term prepayments of $1.6 million, an increase of accounts payable and accrued expenses of $0.2 million, loss on investments in derivatives of $0.4 million and amortization and depreciation expense of $0.2 million.

Investing activities

Net cash provided by investing activities amounted to $12.8 million for the period March 1, 2017 to December 31, 2017. During the period, the Group had proceeds from sales of investment securities of $16.0 million, purchases of intangible assets of $1.0 million and purchase of equipment of $2.1 million.

Net cash provided by investing activities amounted to $3.0 million for the period March 1, 2017 to June 30, 2017. During the period, the Group had proceeds from sales of investment securities of $3.5 million and purchase of intangible assets of $0.5 million.

Net cash used in investing activities amounted to $2.8 million for the period January 1, 2018 to June 30, 2018. During the period, the Group had purchases of property, plant and equipment of $2.5 million and purchases of intangible assets of $0.2 million.

Financing activities

Net cash provided by financing activities amounted to $9.1 million for the period March 1, 2017 to December 31, 2017. During the period, the Group had proceeds from issuance of shares of $8.6 million and proceeds from issuance of convertible promissory notes of $0.5 million.

Net cash provided by financing activities amounted to $8.3 million for the period March 1, 2017 to June 30, 2017. During the period, the Group had proceeds from issuance of shares of $8.2 million.

Net cash provided by financing activities amounted to $15.3 million for the period January 1, 2018 to June 30, 2018. During the period, the Group had proceeds from issuance of convertible debts of $16.1 million and payments for debt issuance costs of $0.9 million.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, or ASU 2014-09. This new standard (Topic 606) will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to correlate with the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB voted to defer the effective date of ASU 2014-09 by one year, while allowing a company to adopt the new revenue standard early but not before the original effective date.

In March 2016, the FASB issued ASU 2016-08, which amends the principal-versus-agent implementation guidance and illustrations in the new revenue standard. ASU No. 2016-08 specifically provides clarification around performance obligations for goods or services provided by another entity, assisting in determining whether the entity is the provider of the goods or services, the principal, or whether the entity is providing for the arrangement of the goods or services, the agent.

In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers* (Topic 606): Identifying Performance Obligations and Licensing. ASU No. 2016-10 provides guidance around identifying whether promised goods or services are distinct and separately identifiable, whether promised goods or services are material or immaterial to the contract, and whether shipping and handling is considered an activity to fulfill a promise or an additional promised service. ASU No. 2016-10 also provides guidance around an entity's promise to grant a license providing a customer with either a right to use or a right to access the license, which then determines whether the obligation is satisfied at a point in time or over time, respectively.

In May 2016, the FASB issued ASU No. 2016-11, *Revenue Recognition* (Topic 605) and *Derivatives and Hedging* (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16. Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting, which rescinds various standards codified as part of Topic 605, Revenue Recognition in relation to the future adoption of Topic 606. These rescissions include changes to topics pertaining to revenue and expense recognition including accounting for shipping and handling fees and costs and accounting for consideration given by a vendor to a customer.

The above standards will be effective for us on January 1, 2019 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Group is an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2010 (the "JOBS Act"). Under the JOBS Act, emerging growth companies ("EGCs") can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. Therefore, the Group will not be subject to the same new or revised accounting standards as public companies that are not EGCS. The management has not yet selected a transition method.

Management is developing an adoption plan based on which the Group is in the process of evaluating the effects of adopting ASC606, including the selection of the adoption method, the identification of differences using sample contracts, if any, from the application of current revenue recognition standard and the impact of such differences, if any, on its condensed consolidated financial statements. The Group is currently evaluating the impact of adopting ASU No. 2016-11 on its financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Recognition and Measurement of Financial Assets and Financial Liabilities.* The amendments in this update address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The amendments in this update require public business entities that are required to disclose fair value of financial instruments measured at amortized cost on the balance sheet to measure that fair value using the exit price notion consistent with Topic 820, Fair Value Measurement. The amendments in this update require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option. The amendments in this Update require separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or in the accompanying notes to the financial statements. In addition, according to ASU No. 2016-01, all equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) will generally be measured at fair value through earnings. For equity investments without readily determinable fair values, the cost method is also eliminated. However, entities will be able to elect to record equity investments without readily determinable fair values at cost, less impairment, adjusted for subsequent observable price changes. Entities that elect this measurement alternative will report changes in the carrying value of the equity investments in current earnings. This election only applies to equity investments that do not qualify for the net asset value practical expedient. The impairment model for equity investments subject to this election is a single-step model. Under the single-step model, an entity is required to perform a qualitative assessment each reporting period to identify impairment. When a qualitative assessment indicates an impairment exists, the entity would estimate the fair value of the investment and recognize in current earnings an impairment loss equal to the difference between the fair value and the carrying amount of the equity investment. The measurement alternative may be elected separately on an investment by investment basis for each equity investment without a readily determinable fair value. Once elected, it should be applied consistently as long as the investment meets the qualifying criteria.

The amendments in this update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For non-public business entities, early adoption is not permitted. As an EGC, the Company chose to extent the adoption of the update for one year. The Group is currently evaluating the impact of adopting ASU No. 2016-01 on its financial statements.

In February 2018, the FASB issued ASU 2018-02, Income Statement—Reporting Comprehensive Income (Topic 220). The amendments in this Update allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. Consequently, the amendments eliminate the stranded tax effects resulting from the Tax Cuts and Jobs Act and will improve the usefulness of information reported to financial statement users. However, because the amendments only relate to the reclassification of the income tax effects of the Tax Cuts and Jobs Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. The amendments in this Update also require certain disclosures about stranded tax effects. Public business entities should apply the amendments in ASU 2018-02 for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption of the amendments in this Update is permitted, including adoption in any interim period, (1) for public business entities for reporting periods for which financial statements have not yet been issued and (2) for all other entities for reporting periods for which financial statements have not yet been made available for issuance. The adoption of this guidance is not expected to have a material impact on the Company’s financial condition, results of operations or cash flows.

In March 2018, the FASB issued ASU No. 2018-05, Income Tax (Topic 740) - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118. This update adds SEC paragraphs pursuant to the SEC Staff Accounting Bulletin No. 118, which expresses the view of the staff regarding application of Topic 740, Income Taxes, in the reporting period that includes December 22, 2017 - the date on which the Tax Act was signed into law. The adoption of this guidance is not expected to have a material impact on the Company’s financial condition, results of operations or cash flows.

In August 2018, the FASB issued ASU No. 2018-13, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement, which amends ASC 820, Fair Value Measurement. This ASU modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The effective date is the first quarter of fiscal year 2021, with early adoption permitted for the removed disclosures and delayed adoption until fiscal year 2021 permitted for the new disclosures. The removed and modified disclosures will be adopted on a retrospective basis and the new disclosures will be adopted on a prospective basis. The adoption will not have a material effect on the Company’s financial statements.

The Group does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

RESEARCH AND DEVELOPMENT (SUCCESSOR BASIS)

As of June 30, 2018, the Company has obtained 11 exclusively licensed technologies in neurology, infectious diseases, gastroenterology, oncology, surgical robotics and natural health and is in the process of developing two “in-house” projects in the neurology area. For the period March 1, 2017 to December 31, 2017, the period March 1, 2017 to June 30, 2017 and the period January 1, 2018 to June 30, 2018, the Company incurred $2,560,323, $459,198 and $1,342,179, respectively, on research and development expenses.

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2018, the Company did not have any off-balance sheet debt, nor do we have any transactions, arrangements or relationships with any special purpose entities.

OUR BUSINESS

Overview

We are a Hong Kong based pharmaceutical company currently in the preclinical stage, dedicated to developing and commercializing a broad range of therapeutic and diagnostic technologies to tackle unmet medical needs. We have obtained exclusive licenses for our technologies. In addition, we are also developing certain proprietary technologies as product candidates. We are pursuing therapeutic and diagnostic projects (including projects seeking to use extracts or derivatives from natural substances to treat diseases) in neurology, infectious diseases, gastroenterology, oncology and other disease areas. We also have projects focused on surgical robotics. (See "Our Business – Lead Projects and Other Projects under Development – Lead Projects" and "Our Business – Lead Projects and Other Projects under Development – Other Projects under Development") Also, we opened a medical clinic, AML Clinic, in June 2018. Its initial focus is on treatment of chronic diseases resulting from modern sedentary lifestyles and aging population.

Although none of our drug or device candidates has yet been approved for testing in humans, our goal is to develop a broad range of early stage novel therapeutics and diagnostics across a wide range of disease/therapeutic areas. Key components of our strategy for achieving this goal include: (for details of our strategy, see "Our Business – Our Strategy")

- Developing therapeutic and diagnostic innovations across a wide range of disease/therapeutic areas;
- Selectively expanding our portfolio with potential products that may be able to attain orphan drug designation and/or satisfy current unmet medical needs;
- Collaborating with leading academic institutions and CROs;
- Expanding our in-house pharmaceutical development center;
- Leveraging our management's expertise, experience and commercial networks;
- Strategically developing opportunities in Hong Kong to promote access to the PRC market; and
- Obtaining and leveraging government grants to fund project development.

We intend to devote a significant percentage of our resources, including a substantial portion of the proceeds of this Offering, to three therapeutic projects ("Lead Projects"). The drug candidates being advanced as the Lead Projects are NLS-1, ALS-1 and ALS-4, described in further detail below. If the results of the remaining preclinical studies of these drug candidates are positive, we expect to be able to submit by 2020 or 2021 an Investigational New Drug Application ("IND") for at least one of these candidates to the U.S. Food and Drug Administration ("FDA") or an equivalent application to the regulatory authorities in one or more other jurisdictions such as the China Food and Drug Administration ("CFDA") and/or the European Medicines Agency ("EMA"). Acceptance of these applications by the relevant regulatory authority would enable the Company to begin testing that drug candidate in humans in that jurisdiction. Our ability to obtain any approval of such applications is entirely dependent upon the results of our preclinical studies, none of which have yet been completed.

Our current business consists of "therapeutics" and "non-therapeutics" segments. However, our focus is on the therapeutics segments. Because of the risks, costs and extended development time required for successful drug development, we have determined to pursue projects within our non-therapeutics segments, such as AML Clinic, to provide some interim revenue and medical robots that may be brought to market and generate revenue more quickly.

Therapeutics Segment. In our therapeutics segment ("Aptorum Therapeutics Group"), we are currently seeking to develop various drug molecules (including projects seeking to use extracts or derivatives from natural substances to treat diseases) and certain technologies for the treatment ("therapeutics") and diagnosis ("diagnostics") of human disease conditions in neurology, infectious diseases, gastroenterology, oncology and other disease areas. In addition, we are seeking to identify additional prospects which may qualify for potential orphan drug designation (e.g., rare types of cancer) or which address other current unmet medical needs. Aptorum Therapeutics Group is operated through Aptorum's wholly-owned subsidiary, Aptorum Therapeutics Limited, a Cayman Islands exempted company with limited liability, whose principal place of business is in Hong Kong and its indirect subsidiary companies (who we sometimes refer to herein as project companies), whose principal places of business are also in Hong Kong.

Non-Therapeutics Segment. The non-therapeutics segment ("Aptorum Non-Therapeutics Group") encompasses two businesses: (i) the development of surgical robotics and medical devices and (ii) AML Clinic. The development of surgical robotics and medical devices business is operated through Signate Life Sciences Limited, a subsidiary of Aptorum Therapeutics Limited. The outpatient clinic is operated through our subsidiary, Aptorum Medical Limited. Effective as of March 2018, we leased office space in Central, Hong Kong as the home to AML Clinic. AML Clinic commenced operations under the name of Talem Medical in June 2018. The estimated operating expenses under full capacity operation is to be no more than USD90,000 per month. The clinic is expected to reach operating profit in 18 months from the clinic reaching its full operating capacity upon (i) the successful recruitment of a minimum of six full time physicians (AML Clinic currently has one full time physician and three part time physicians) and (ii) establishing steady patients flow via brand development. (See "Our Business – Lead Projects and Other Projects under Development – Other Projects under Development – Aptorum Medical Limited - AML Clinic")

The Company has already obtained opportunities resulting in our existing licensing agreements from various contractual relationships that we have entered into, including service/consulting agreements with some of the world's leading specialists and clinicians in our areas of interest, with academic institutions and organizations, and with CROs. We anticipate that these relationships will generate additional licensing opportunities in the future. In addition, we have established and are continuing to expand our in-house research facilities (collectively, the "R&D Center") to develop some of our drug and device candidates internally and to collaborate with third-party researchers.

Prior to March 2017, the Company had pursued passive healthcare related investments in early stage companies primarily in the United States. However, we have since ceased pursuing further passive investment operations and intend to exit all such portfolio investments over an appropriate timeframe to focus resources on our current business.

Our Strategy

Although we plan to continue the development and improvement of a broad range of novel therapeutics and diagnostics across a wide range of disease/therapeutic areas, over the next 24-36 months we plan to concentrate on development of our Lead Projects, while also allocating some resources to develop SLS-1 and maintaining our AML Clinic.

We believe that execution of this strategy will position the Company to catalyze the development and improvement of a broad range of early-staged novel therapeutics and diagnostics across a wide range of disease/therapeutic areas. Failure to achieve positive results in at least one of the programs for a Lead Project could have a material adverse effect on the Company's prospects and business.

To achieve this goal, we are implementing the following strategies:

- **Developing therapeutic and diagnostic innovations across a wide range of disease/therapeutic areas.** We are currently developing drug and device candidates in several disease/therapeutic areas. We believe that by diversifying our research efforts, it would increase the likelihood that at least one of our projects will achieve clinical success and therefore add value to the Company. As of June 30, 2018, we have obtained 11 exclusively licenses of technologies across the areas of neurology, infectious diseases, gastroenterology, oncology, surgical robotics and natural health. Our initial focus will be on developing our Lead Projects, but intend to continue developing our other current projects and seeking new licensing opportunities where we determine that the market potential justifies the additional commitment of our limited resources.

- **Selectively expanding our portfolio with potential products that may be able to attain orphan drug designation and/or satisfy current unmet medical needs.** We have selected innovations for development which we believe are of superior scientific quality, whilst taking into account the potential market size and demand for same, for example, taking into consideration whether the relevant product can satisfy significant unmet medical needs. In particular, Aptorum Therapeutics Limited has established a Scientific Assessment Committee, which helped us to select our current projects and which we expect will provide input from a scientific perspective towards any future opportunities for acquiring or licensing life science innovations. We intend to continue expanding our line of projects under development, and subject to our financial and other resource limitations, exploring acquisitions or licenses of additional products which may be able to attain orphan drug designations (e.g., rare types of cancer) or satisfy significant unmet medical needs and that show strong preclinical and/or early clinical data to provide promising opportunities for clinical and commercial success.

- **Collaborating with leading academic institutions and CROs.** In building and developing our product portfolio, we believe that accessing external innovation, expertise and technology through collaboration with leading academic institutions and CROs is a vital and cost-efficient strategy. We have established strong relationships with leading academic institutions around the world and expect to continue to strengthen our collaborations by, for example, seeking to provide their affiliated Principal Investigators resources through sponsorship to conduct further research in specialty fields of interest and association with personnel connected to our current project companies, in exchange for obtaining for the Company the first right to negotiate for an exclusive license to any resulting innovations. In addition, we have entered and will continue to actively source arrangements with pharmaceutical companies, in most cases in roles as contract research organizations, to streamline the development of our projects. This may include outsourcing part of the preclinical, clinical studies and clinical supplies manufacturing to externally accredited cGLP, cGMP and cGCP standard contract research organizations or laboratories in order to attain the required studies for submission to the regulatory authorities as part of the clinical development plan. (See "Arrangements with Other Parties")

- **Expanding our in-house pharmaceutical development center.** We believe collaborations between the R&D Center operated by APD and the scientists engaged in work for our project companies will enhance clinical and commercial potential of the projects. In addition, APD will assist the project companies by engaging external pharmaceutical companies and/or contract research organizations to outsource any part of the preclinical or clinical development work that cannot be performed by the R&D Center in order to obtain the resources necessary for our development process.

- **Leveraging our management's expertise, experience and commercial networks.** We believe the combination of our management's expertise and experience, with their academic and commercial networks make us an effective platform for advancing healthcare innovations towards clinical studies and commercialization in key global markets. We have assembled a management team with global experience and an extensive record of accomplishments in medical research, consulting and financing, and identification and acquisition of pharmaceutical and biopharmaceutical drug and device candidates. Our Chief Scientific Officer also has extensive experiences in drug development. We also employ key management personnel with banking and financial experience, which enhances our capability to establish the most efficient financial structure for the development of our programs.

- **Strategically developing opportunities in Hong Kong to provide access to the PRC market.** The PRC is the world's second largest healthcare market (https://seekingalpha.com/article/4038677-opportunities-chinas-healthcare-market) and we plan to market our products there in the future as part of our overall growth strategy. In October 2017, the PRC government announced that the country is planning to accept trial data gathered overseas to speed up drug approvals (https://www.reuters.com/article/us-china-pharmaceuticals/china-to-accept-overseas-trial-data-in-bid-to-speed-up-drug-approvals-idUSKBN1CE080 and http://www.lawinfochina.com/display.aspx?id=26778&lib=law), which is a potential boon for foreign pharmaceutical companies. We believe strategically locating our principal businesses in Hong Kong, as a Special Administrative Region of the PRC, may provide us distinctive advantages in accessing the PRC healthcare market. Two of our key collaborators, The University of Hong Kong (the "HKU") and the Chinese University of Hong Kong (the "CUHK") have received clinical drug trial accreditation by the CFDA for their clinical trial units/centers (http://www.crmo.med.cuhk.edu.hk/en-us/cfdaaccreditation.aspx and https://www.ctc.hku.hk/assurance_cfda.php).

- **Obtaining and leveraging government grants to fund project development.** The Hong Kong government pays close attention to the development of the biotechnology sector in Hong Kong and provides support and funding. We intend to aggressively seek government support from Hong Kong for our product development and to facilitate the development of some of our projects.

Arrangements with Other Parties

As mentioned above, part of our business model includes collaborating with research entities such as academic institutions and CROs, as well as highly regarded experts in their respective fields. We engage these entities and researchers either for purposes of exploring new innovations or advancing preclinical studies of our existing licensed drug candidates. Although the financial cost of these arrangements does not represent a material expense to the Company, the relationships we can access through, specifically, sponsored research arrangements ("SRAs") with academic institutions and organizations can provide significant value for our business; for example, we may decide whether to continue development of certain early-staged projects and/or out-license a project based on the data and results from research governed by SRAs. However, as of the date of this prospectus, we do not consider the particulars of any of our SRAs to be material to the success of our current business plans.

Our drug discovery programs are based upon licenses from universities and are mainly conducted in universities via SRAs. As for the development of our drug candidates, our R&D Center conducts part of the CMC work. However, since our current facilities are not cGMP, cGLP or cGCP qualified, we will have to rely on CROs to conduct that type of work, if and when our drug candidates reach the level of development that requires such qualification.

Lead Projects and Other Projects under Development

We are actively operating and managing the development of our drug and device candidates through various subsidiaries. Each candidate is being researched in a subsidiary with a medical/scientific area of focus related to the drug and device candidate in development. We refer to these as our "Project Companies" and their products or areas of focus as either our Lead Projects (i.e., ALS-1, ALS-4 and NLS-1) or Other Projects under Development (as defined below). The selection of a drug and device candidate is based on our estimate of the market potential for that candidate, the scientific expertise required to develop it, and our overall corporate strategy, including our ability to commit personnel and future investment to that candidate.

To pursue a number of our current projects, our Project Companies have entered into standard license agreements with various university and licensing entities customized to the nature of each project. These license agreements largely contain the same terms, as is typically seen in license agreements for an early-stage life science invention; such terms include a worldwide license with licensed field comprising indications in the intended treatment areas, having upfront payments, certain royalty rates, sublicensing royalties, as well as provisions for payments upon occurrence of development and/or regulatory milestones. Under the license agreements, the Project Company must also adhere to certain diligence obligations and may or may not be required to obtain prior consent from the licensor to sublicense the invention. The license terms of our Lead Projects are discussed in detail below.

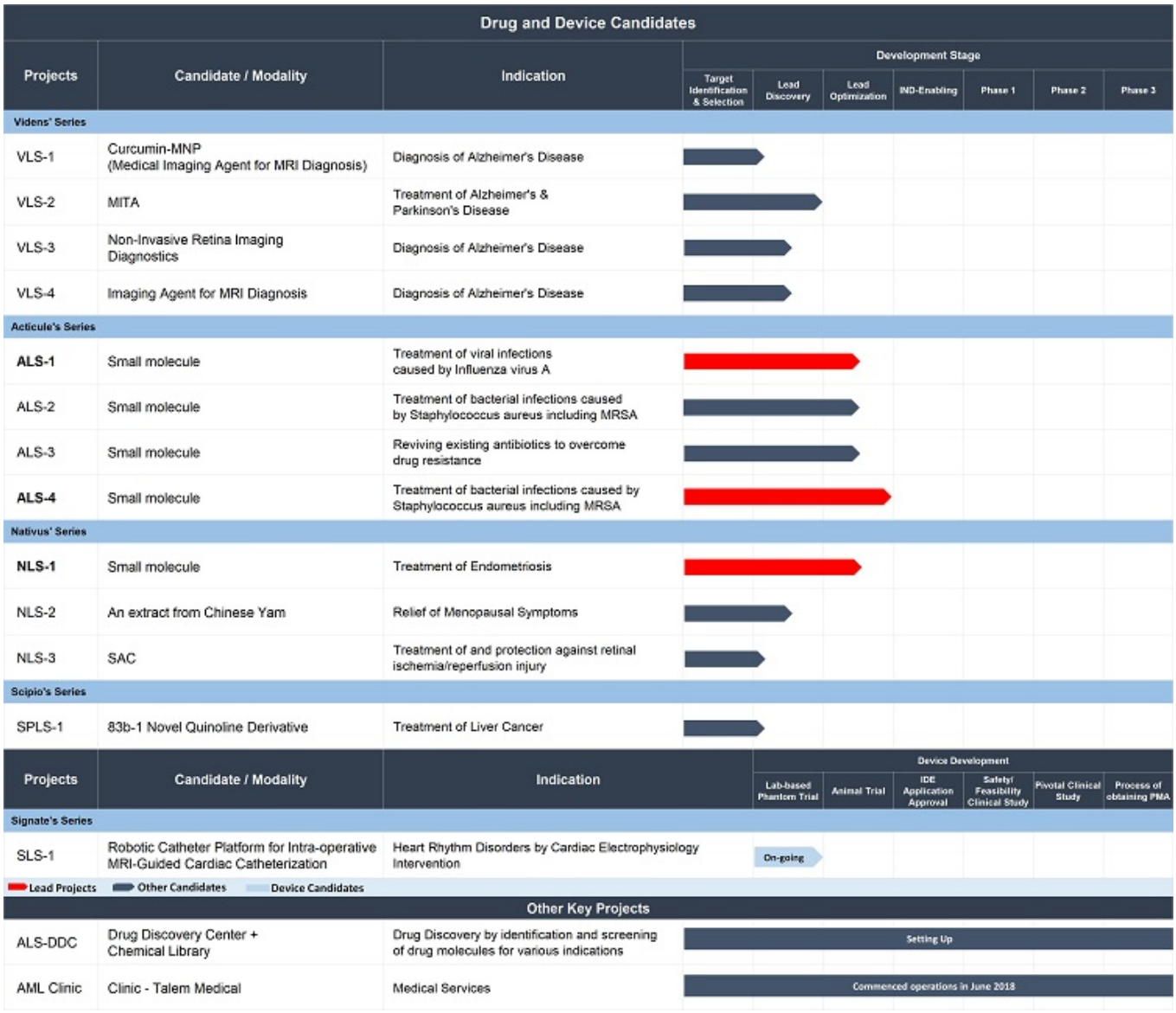
Generally speaking, pharmaceutical development consists of preclinical and clinical phases. Our immediate efforts would be on the preclinical phase which can further sub-divided into the following stages:

Target Identification & Selection: The target is the naturally existing cellular or modular structure that appears to have an important role in a particular disease pathway and will be targeted by the drug that will subsequently be developed. Target validation techniques for different disease areas can be very different but typically include from in vitro and in silico methods through to the use of whole animal models.

Lead Discovery: Following "Target Identification & Selection," compound screening assays are developed as part of the Lead Discovery. 'Lead' molecules can mean slightly different things to different researches or companies, but in this Registration Statement, we refer to Lead Discovery as the process of identifying one or more small molecules with the desired activity against the identified targets. Leads can be identified through one or more approaches, which can depend on the target and what, if any, previous knowledge exists.

Lead Optimization: In this stage of the drug discovery process, the aim is to produce a preclinical drug candidate by maintaining the desired and favorable properties in the lead compounds, while repairing or reducing deficiencies in their structures. For example, to optimize the chemical structures to improve, among others, efficacy, reduce toxicity, improve metabolism, absorption and pharmacokinetic properties.

IND-Enabling Studies: Includes all the essential studies such as GLP toxicology studies, pharmacology and efficacy, pharmacokinetics, in vitro metabolism, CMC studies, and the data of which are used for IND submission.

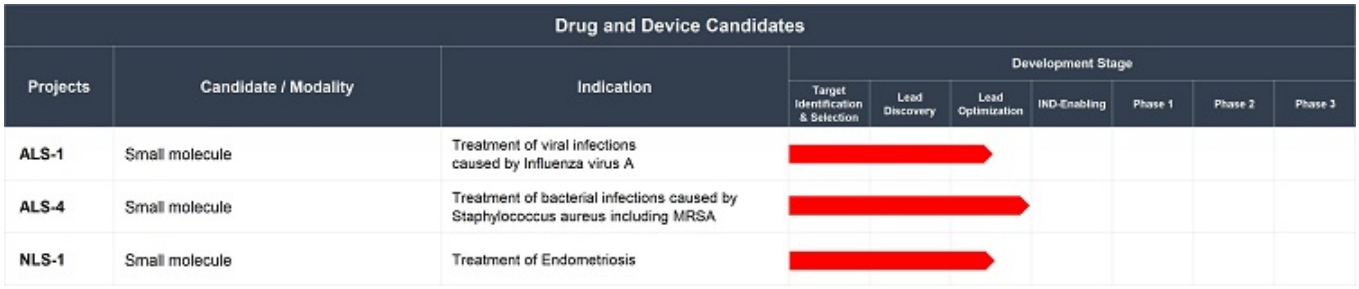


Another subsidiary, Aptorum Medical Limited ("AML"),[1] is our vehicle for developing our business of delivering medical services in the form of AML Clinic.

We anticipate allocating approximately 20% of our resources to develop projects other than our Lead Projects (such other projects being referred to herein as "Other Projects under Development"), with a strong focus on SLS-1 and AML Clinic. As a device candidate, SLS-1 may not need to undergo the same regulatory approval process as a drug candidate and therefore we may be able to bring it to market sooner. AML Clinic is expected to provide us with a modest amount of revenue. Even if SLS-1 achieves commercial sales, of which there can be no assurance, revenue from these products alone will not be sufficient for us to carry out all of our plans, but it will assist with name recognition and supplement our income while we develop our Lead Projects.

1 Clark Cheng, our Chief Medical Officer and an Executive Director, owns 5% of Aptorum Medical Limited.

Lead Projects



ALS-1: Small molecule intended for the treatment of viral infections caused by Influenza virus A

Professor Richard Kao (Inventor of ALS-1, Founder and Principal Investigator of Acticule) was the first to identify NP as an effective drug target (Nature Biotechnology. 28:600-605). We are exploring ALS-1 as a potential treatment for viral infections caused by Influenza virus A ("IVA").

Two widely prescribed antiviral drug classes for the treatment of influenza are neuraminidase inhibitors ("NI") and M2 protein inhibitors. Zanamivir is a second-generation neuraminidase inhibitor for the treatment of both Influenza A and B in adults and children (5 years old and above). Oseltamivir is a third-generation neuraminidase inhibitor for the treatment of Influenza A and B in individuals older than 1 year of age. Amantadine and rimantadine are M2 membrane protein inhibitors that block the M2 ion channel activity of Influenza A but have no effect on Influenza B. Given the widespread resistance to M2 inhibitors, amantadine and rimantadine are no longer recommended for the treatment of Influenza A.

It is our hypothesis that Influenza A NP is an essential protein for the proliferation of the influenza virus. ALS-1 targets NP and triggers the aggregation of NP and this prevents the aggregated NP from entering the nucleus. In a paper published by the inventor, Prof. Richard Kao, in Nature Biotechnology (28 (6): 600, 2010), ALS-1 inhibited infection of MDCK cells by the Influenza A/WSN/33, H3N2 (clinical isolate) and Vietnam/1194/04 (H5N1) viruses with an IC_{50} (IC_{50} is defined as the concentration of a drug which inhibits half of the maximal response of a biochemical process. In this case, inhibition of the growth of PFU = plaque-forming units is the response) of 0.069 ± 0.003 μM, 0.16 ± 0.01 μM and 0.33 ± 0.04 μM in plaque reduction assay (PRA), respectively (Figure 1A). In this study, oseltamivir (sold under the brand name Tamiflu®) was also included as a control. In this cell culture, ALS-1 outperformed oseltamivir with a lower IC_{50} (Figure 1A). ALS-1 inhibited viral growth even when added within 6 hours after infection of the MDCK cells with the virus (Figure 1B), indicating that the antiviral activities of ALS-1 arise from post-entry and post-nuclear events, suggesting that multiple processes involving NP may be affected, although only the nuclear import process of NP can be readily observed.

In the treatment-free control group, all mice died 7 days after inoculation. After treating with ALS-1, 50% of the mice receiving two doses of ALS-1 (100 μl of 2.3 mg/ml ALS-1) per day for 7 days survived for more than 21 days. Three mice were sacrificed from each treated and untreated group on the 6th day after infection and their lungs tested for live virus by a plaque reduction assay. About a 10x reduction of viral load in the lungs of the ALS-1-treated mice was observed compared to the untreated control group. The animal study results suggest that ALS-1 has the potential to be developed into a useful anti-influenza therapeutic.

ALS-1 is designed to target a broad range of NP variants, a novel therapeutic target. Compared with the currently marketed antiviral drugs for which the viruses have acquired extensive resistance, ALS-1 acts on a completely different therapeutic target. ALS-1 is currently undergoing Lead Optimization to optimize its drug-like properties.

Figure 1A

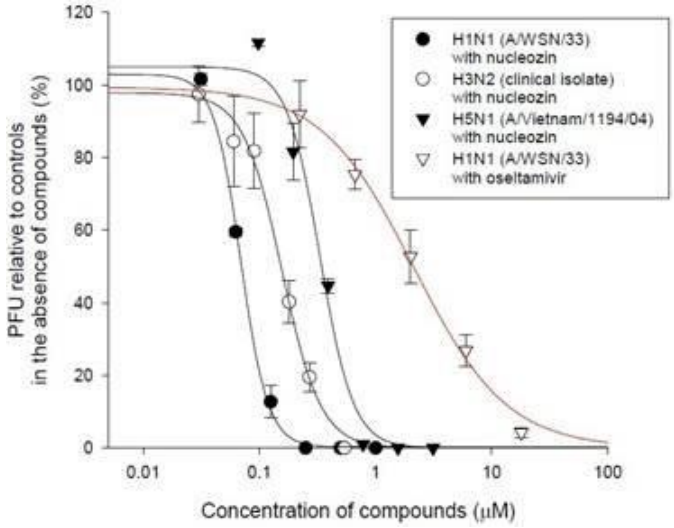


Figure 1B

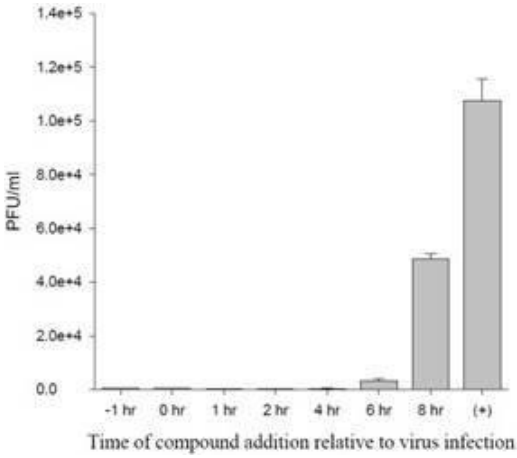


Figure 1A: ALS-1 is shown to cause a greater reduction in the number of infectious virus particles of human H1N1, H3N2 and H5N1 Influenza viruses. MDCK cells were infected with different strains of virus and antiviral activities of different treatments were determined by plaque reduction assay (PRA). Oseltamivir (curve in red) was included for comparisons of in vitro efficacies. The PRA assay was conducted in triplicate and repeated twice for confirmation. PFU = plaque-forming units, a measure of number of infectious virus particles Nucleozin = ALS-1 (Adapted from Nature Biotechnology (28 (6): 600, 2010).

Figure 1B: Efficacies of ALS-1 added at various time points. The experiments were carried out in triplicate and repeated twice for confirmation. The mean value is shown with s.d.; PFU = plaque-forming units, a measure of number of infectious virus particulates (Adapted from Nature Biotechnology (28 (6): 600,2010)).

Patent License

On October 18, 2017, the Company's subsidiary, Acticule, entered into an exclusive license agreement with Versitech Limited, the licensing entity of HKU, for the rights to ALS-1. Subsequently on June 7, 2018, the parties entered into a first amendment to the license agreement.

Under the exclusive license agreement, we were granted an exclusive, royalty-bearing, sublicensable license to develop, make, have made, use, sell, offer for sale and import products that are covered by the licensed patents (as described below). The territory of the license is worldwide and the field of the license is for treatment or prevention of viral infections including influenza.

We paid an upfront fee upon entering into the license agreement. We are required to pay less than 10% of the net sales of the licensed products sold by us or our affiliates as royalties, as well as a low teens percentage of sublicense royalties that we receive from our sublicensees, if any. In addition, we agreed to pay to the licensor aggregate regulatory milestones of up to US$1 million subject to the following achievements: submission of investigational new drug application; completion of phase 1, 2 and 3 clinical trials; and submission of new drug application; grant of regulatory approval. We also agreed to pay to the licensor aggregate sales milestones of up to US$7.8 million subject to the following achievement: first commercial sale; and annual net sales exceeding US$100 million in one jurisdiction.

Pursuant to the license agreement, Acticule became the exclusive licensee of 1 U.S. patent, 1 European Patent, 1 PRC patent and 1 German patent. The claimed invention is described as: "Antiviral Compounds and Methods of Making and Using Thereof."

Acticule has the right to grant sublicenses under the license agreement without prior approval from Versitech Limited and to assign the agreement to any successor to the business related to the license. In the event that Acticule makes an improvement to the licensed technologies, so long as the improvement does not incorporate any licensed patents, Acticule will be the owner of such improvement, subject to a non-exclusive royalty-free license being granted back to Versitech Limited for academic and research purposes only.

The exclusive license agreement shall be in effect until the expiration of all licensed patents (please refer to the patent expiration dates under "Our Business – Intellectual Property"). Acticule may terminate the license at any time with 6-month written notice in advance. Either party may terminate the agreement upon a material breach by other party.

ALS-4: Small molecule for the treatment of bacterial infections caused by Staphylococcus aureus including Methicillin-resistant Staphylococcus aureus ("MRSA")

Just as certain strains of viruses, such as human immunodeficiency virus ("HIV") and influenza have developed resistance to drugs developed to treat them, certain bacteria such as *Staphylococcus aureus*, *Mycobacterium tuberculosis* and *Pseudomonas aeruginosa* have become "superbugs", having developed resistance to many, if not all, of the existing drugs available to treat them, rendering those treatments ineffective in many instances. MRSA is one such bacterium, a gram-positive bacterium that is genetically different from other strains of Staphylococcus aureus. Staphylococcus aureus and MRSA can cause a variety of problems ranging from skin infections and sepsis to pneumonia and bloodstream infections. It is estimated that about one out of every three people (33%) carry Staphylococcus aureus in their nose, usually without any illness; about two in a hundred (2%) carry MRSA (*source: https://www.cdc.gov/mrsa/tracking/index.html*). Both adults and children may carry MRSA.

Most MRSA infections occur in people who have been in hospital or other health care settings, such as nursing homes and dialysis centers (*source: https://www.mayoclinic.org/diseases-conditions/mrsa/symptoms-causes/syc-20375336*), which is known as Healthcare-Associated MRSA ("HA-MRSA"). HA-MRSA infections are typically associated with invasive procedures or devices, such as surgeries, intravenous tubing or artificial joints. Another type of MRSA infection, known as Community-Associated MRSA ("CA-MRSA"), has occurred in wider community among healthy people. It often begins as a painful skin boil and spreads by skin-to-skin contact. About 85% of serious, invasive MRSA infections are healthcare associated infections (https://www.cdc.gov/media/pressrel/2007/r071016.htm). The incidence of CA-MRSA varies according to population and geographic location. In the U.S., more than 94,000 people develop serious MRSA infection and about 19,000 patients die as a result each year (https://www.cdc.gov/media/pressrel/2007/r071016.htm). According to the US Centers for Disease Control and Prevention ("CDC"), Staphylococcus aureus, including MRSA, caused about 11% of healthcare-associated infections in 2011 (source: http://www.healthcommunities.com/mrsa-infection/incidence.shtml). Each year in the U.S., around one out of every twenty-five hospitalized patients contracts at least one infection in the hospital (N Engl J Med. 2014, 27;370(13):1198-208). In the U.S., there were over 80,000 invasive MRSA infections and 11,285 related deaths in 2011 (source: https://edition.cnn.com/2013/06/28/us/mrsa-fast-facts/index.html). Indeed, severe MRSA infections most commonly occur during or soon after inpatient medical care. More than 290,000 hospitalized patients are infected with Staphylococcus aureus and of these staphylococcal infections, approximately 126,000 are related to MRSA (source: http://www.healthcommunities.com/mrsa-infection/incidence.shtml).

ALS-4 is a small drug molecule which appears to target the products produced by bacterial genes that facilitate the successful colonization and survival of the bacterium in the body or that cause damage to the body's systems. These products of bacterial genes are referred to as "virulence expression." Targeting bacterial virulence is an alternative approach to antimicrobial therapy that offers promising opportunities to overcome the emergence and increasing prevalence of antibiotic-resistant bacteria.

Professor Richard Kao from The University of Hong Kong (who is also the Founder and Principal Investigator of Acticule and Inventor of ALS-2, ALS-3 and ALS-4) initiated a high throughput approach for screening compounds which are active against virulence expression, which resulted in the discovery of ALS-2, ALS-3 and ALS-4.

ALS-4 targets an enzyme essential for Staphylococcus aureus (including MRSA) survival in vivo. This enzyme is involved in the production of Staphyloxanthin, a carotenoid pigment produced by Staphylococcus aureus including MRSA, and is responsible for the characteristic golden color. This pigment has proven to be an important factor in promoting bacterial invasion as well as rendering the bacteria resistant to attack from reactive oxygen species (ROS) and neutrophils. In other words, pigmented bacteria have increased resistance to the host's immune defenses. ALS-4 may have particular value if it can be shown to be an effective therapy in situations where a Staphylococcus aureus infection is resistant to available antibiotics (i.e., where the pathogen is MRSA).

In a recent publication by the inventor, Prof. Richard Kao, in mBio (8(5): e01224, 2017), ALS-4 demonstrates potent activity against Staphylococcus aureus pigment formation in vitro, as indicated in Figure 2A, with an IC_{50} (IC_{50} is defined as the concentration of a drug which inhibits half of the maximal response of a biochemical process. In this case, inhibition of the formation of the golden pigment is the response) equal to 300 nM (Figure 2B). In addition, ALS-4 exhibits low cytotoxicity in MDCK, Vero, A549, Huh-7, or 293T cells, with 50% toxic concentrations higher than 500 µM.

Table of Contents

Figure 2

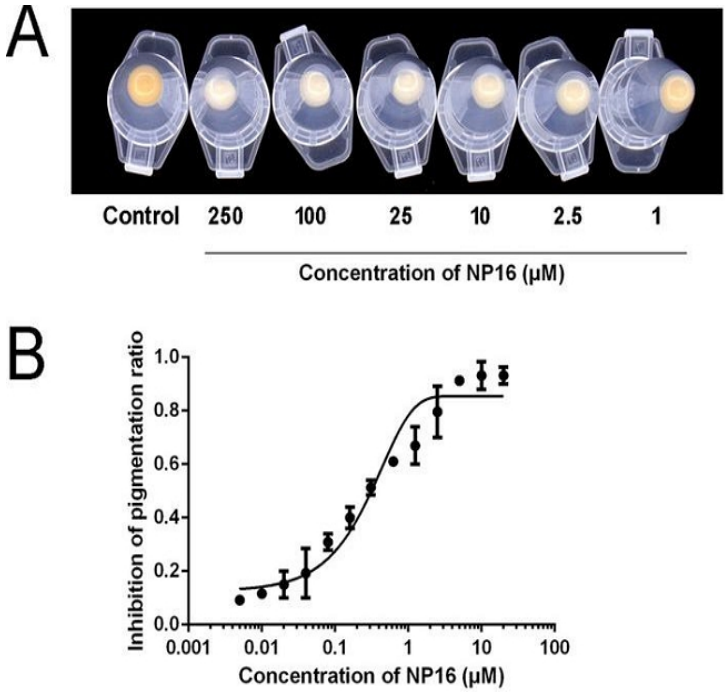


Figure 2: In vitro pigment inhibition by compound ALS-4.
(A) Inhibition of wild-type (WT) Staphylococcus aureus pigmentation in the presence of increasing concentrations of ALS-4.
(B) Pigment inhibition by ALS-4; the IC_{50} for pigment formation is roughly 300 nM.
All data represent mean values ± SD.
NP16 = ALS-4
This assay was conducted in triplicate and repeated twice for confirmation

(Adapted from mBio (8(5): e01224, 2017))

By employing a systemic Staphylococcus aureus mouse infection model, the treatment (0.35 mg of ALS-4 twice daily) and control groups (vehicle) were compared. In case of Staphylococcus aureus COL bacterial infection, the bacterial counts in the livers (P = 0.0085) and spleens (P = 0.0032) of mice treated with compound ALS-4 were significantly lower than those of the no treatment group (Figure 3C and D) at 72 hours after the infection. Regarding AE052 infections, bacterial counts in the kidneys of ALS-4-treated mice were significantly lower than those of the no treatment group (P = 0.0465), with levels in 6 of 10 animals below the detection threshold, compared to undetectable levels in only 2 of 10 animals in the control group (Figure 3F), indicating a 98% reduction in surviving bacteria in the treatment groups infected with COL or AE052.

Figure 3

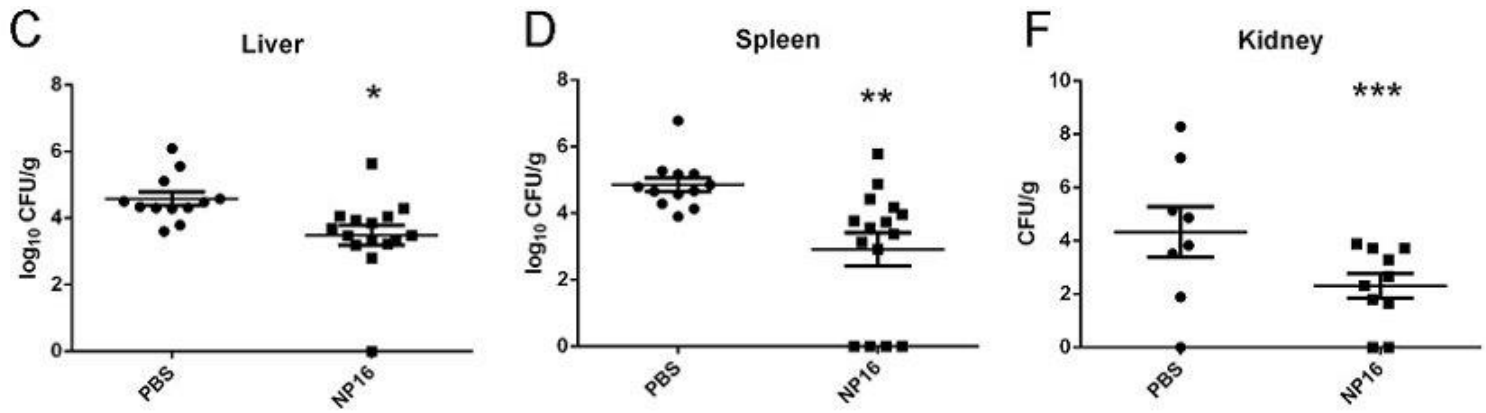


Figure 3
(C and D) Bacteria recovered from the spleens and livers of mice infected with the COL strain, with or without compound NP16 treatment.
(F) Bacteria recovered from the kidneys of mice infected with strain AE052, with or without compound ALS-4 treatment.
All data represent mean values ± the standard errors of the means. *, P < 0.05; **, P < 0.01; ***, P < 0.001. P values were determined using GraphPad Prism with an unpaired parametric t test and Welch's correction.
CFU = Colony Forming Unit, a unit used to estimate the number of viable bacteria in a sample
PBS = Phosphate buffered saline
NP16 = ALS-4
(Adapted from mBio (8(5): e01224, 2017))
ALS-4 is currently undergoing Lead Optimization to optimize its drug-like properties.

Patent License

On October 18, 2017, the Company's subsidiary, Acticule, entered into an exclusive license agreement with Versitech Limited, the licensing entity of HKU, for ALS-4. Subsequently on June 7, 2018, the parties entered into a first amendment to the exclusive license agreement.

Under the exclusive license agreement, we were granted an exclusive, royalty-bearing, sublicensable license to develop, make, have made, use, sell, offer for sale and import products that are covered by the licensed patents (as described below). The territory of the license is worldwide and the field of the license is for treatment or prevention of bacterial infections caused by Staphylococcus aureus including MRSA and bacterial virulence.

We paid an upfront fee upon entering into the license agreement. We are required to pay less than 10% of the net sales of the licensed products sold by us or our affiliates as royalties, as well as a low teens percentage of sublicense royalties that we receive from our sublicensees, if any. In addition, we agreed to pay to the licensor aggregate regulatory milestones of up to US$1 million subject to the following achievements: submission of investigational new drug application; completion of phase 1, 2 and 3 clinical trials; and submission of new drug application; grant of regulatory approval. We also agreed to pay to the licensor aggregate sales milestones of up to US$7.8 million subject to the following achievement: first commercial sale; and annual net sales exceeding US$100 million in one jurisdiction.

Pursuant to the license agreement, Acticule became the exclusive licensee of 1 pending U.S. non-provisional patent application and 1 PCT application. With respect to the PCT application, we plan to enter national phase in member states of the EPO, in PRC and other jurisdictions before the deadline on January 23, 2021. The claimed inventions are described as: "Compounds and Methods for the Treatment of Staphylococcal Infections."

Acticule has the right to grant sublicenses to third parties under the license agreement without prior approval from Versitech Limited and to assign the agreement to any successor to the business related to the license. In the event that Acticule makes an improvement to the licensed technologies, so long as the improvement does not incorporate any licensed patent, Acticule will be the owner to such improvement, subject to a non-exclusive royalty-free license being granted back to Versitech Limited for academic and research purposes only.

The exclusive license agreement shall be in effect until the expiration of all licensed patents (please refer to the patent expiration dates under "Our Business – Intellectual Property"). Acticule may terminate the license at any time with 6-month written notice in advance. Either party may terminate the agreement upon a material breach by other party.

NLS-1: A Derivative of Epigallocatechin-3-Gallate ("Pro-EGCG") for the treatment of Endometriosis

NLS-1, a drug molecule derived from natural products (green tea), is currently under development for the treatment of endometriosis, a disease in which the tissue that normally lines the uterus (endometrium) grows outside the uterus. It can grow on the ovaries, fallopian tubes, bowels, or bladder. Rarely, it grows in other parts of the body. Many studies have assessed the applications of EGCG, a naturally occurring molecule extracted from green tea, for the treatment of endometriosis *in vitro* and in animal models (Hum Reprod. 2014 29(8):1677; Hum Reprod. 2013 28(1):178; Fertil Steril. 2011 96(4):1021). For example, in a mouse model, Ricci et al (Hum Reprod. 2013 28(1):178) demonstrated that EGCG brought a statistically significant reduction in the mean number and the volume of established lesions compared with the control group without treatment. The treatment diminished cell proliferation in a statistically significant manner, reduced vascular density and increased apoptosis within the lesions. EGCG induced reduction in human EEC proliferation and increased apoptosis in primary cultures. Matsuzaki and Darcha (Hum Reprod. 2014 29(8):1677) also showed that EGCG prevented the progression of fibrosis in endometriosis in an animal model.

However, the attractiveness of epigallocatechin-3-gallate as a drug candidate has been diminished by its chemical and metabolic instability (Hum Reprod. 2014 29(8):1677; Angiogenesis. 2013 16(1):59). The Company's drug candidate, NLS-1 or EGCG octaacetate, is supposed to overcome these challenges. NLS-1 is an EGCG derivative synthesized by acetylation of the reactive hydroxyl groups, which appears to prevent generation of reactive phenoxide anions and radicals for dimerization and metabolism, thereby overcoming the chemical and metabolic instability of EGCG.

Despite different hypotheses proposed for the pathogenesis of endometriosis, it is widely accepted that endometriosis is an angiogenesis-dependent disorder, and that angiogenesis plays an essential role in the growth and survival of endometriotic lesions. Endometriotic lesions require new vessel formation to deliver oxygen and nutrients that are essential to the development and progression of endometriosis. Dense vascularization is a typical pathological feature of endometriosis. Numerous peritoneal blood vessels can be observed around the endometriotic lesions during laparoscopy, and ectopic endometrium is highly vascularized under histological examination. Researchers have confirmed in animal models that angiogenesis occurs in endometriosis, by demonstrating the development of adjacent blood vessels from the surrounding vasculature into the endometriotic implants. Anti-angiogenesis therapy offers a potential novel treatment of endometriosis.

In a paper published by the inventors in Angiogenesis (16:59, 2013), NLS-1 brought a statistically significantly reduction in the lesion size and weight compared with EGCG and the control without any treatment in an experimental endometriosis mouse model (Studet t-test, $p < 0.05$) (Figure 4A & B). In addition, the inhibition by NLS-1 in all of the angiogenesis parameters was statistically significantly greater than that by EGCG (Student t-test, $p < 0.05$) (Figure 5A & B). Moreover, NLS-1 also had better bioavailability and greater antioxidation and anti-angiogenesis capacities compared with EGCG.

In addition, regarding a safety study in mice, no signs of stress to NLS-1 administration were observed during the treatment period. No significant weight change was observed over the course of the experiment. Histological examination revealed no obvious reproductive effects on ovarian follicles and endometrial glands under NLS-1 treatments (Figure 6). Also, vascularization of the ovaries and the uterus was not affected in the NLS-1 treatment group.

Figure 4

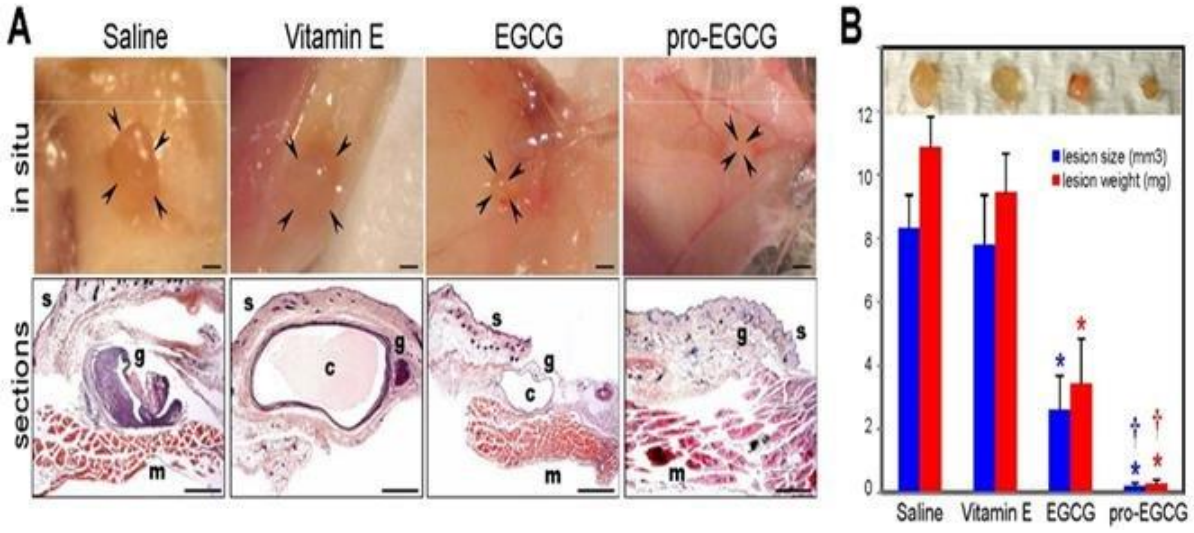


Figure 4A & B
NLS-1 (Pro-EGCG) limits the development of experimental endometriosis in mice. Upper panels show the endometrial implants developed in the right ventral abdominal wall under laparotomy. Arrows indicate the greatest length and perpendicular width of the lesions for lesion size calculation. Lower panels show the sandwich structures of outer skin and subcutaneous layers (s), middle endometriotic lesions with endometrial glands (g) and endometrial cyst-like structures (c), and inner abdominal muscle and peritoneum (m). Scale bars: 0.5 mm. b Bar charts of the lesion size and weight in different groups and representative lesion pictures are shown. Mean ± SEM, student's t test, *$P < 0.05$ compared with saline group; $P < 0.05$ compared with EGCG group.
The sample size was 4 (N=4) for each group.
(Adapted from Angiogenesis (16:59, 2013))

Figure 5:

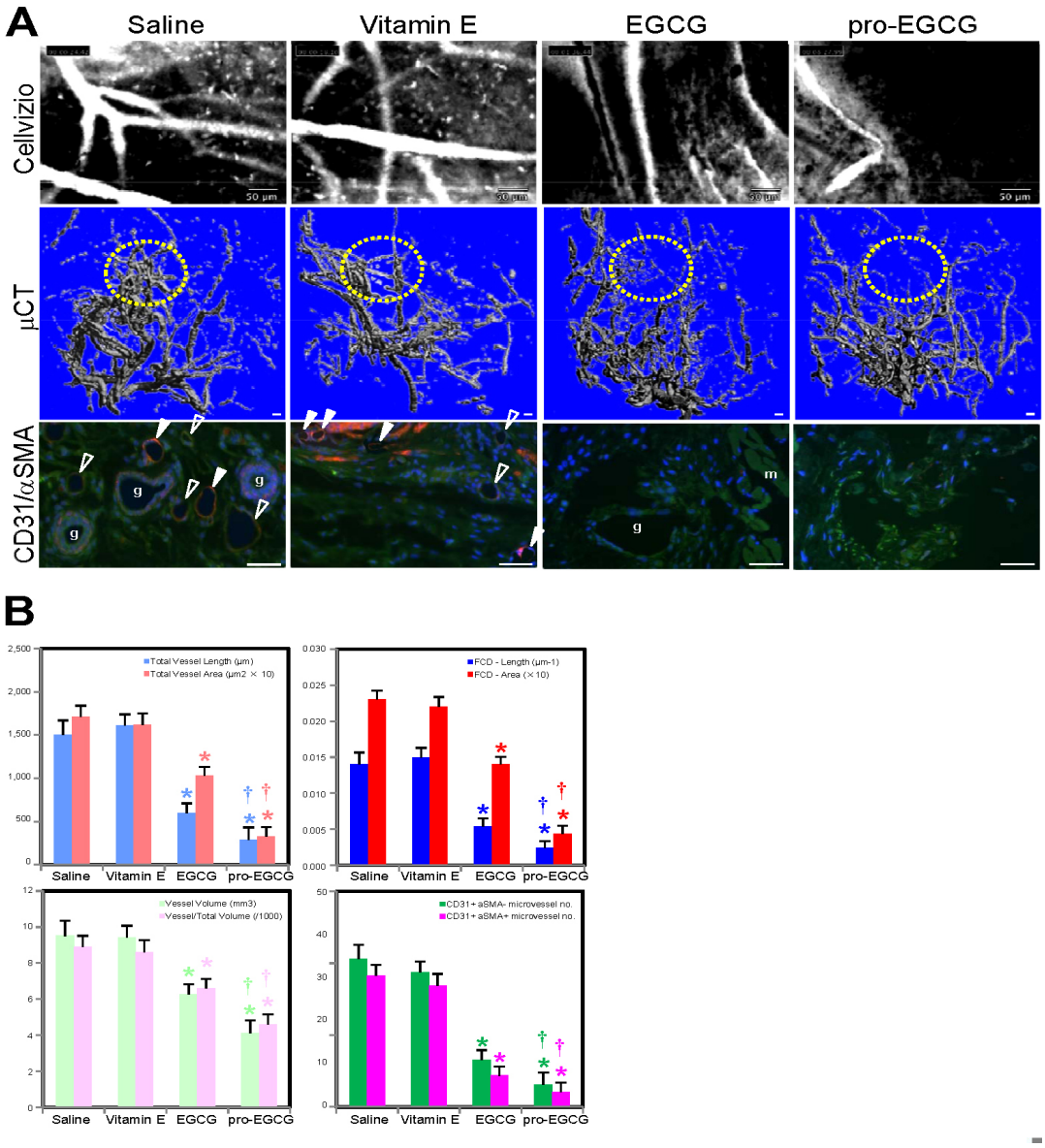


Figure 5A & B

NLS-1 inhibits the angiogenesis of experimental endometriosis in mice. Upper panels: Microvessels in the endometriotic implants were perfused with FITC-Dextran and captured by Cellvizio (white colour) (N=8). Middle panels: Microvessel architectures surrounding the lesions and within the lesions were perfused with microfil contrast medium and captured by lCT (yellow dots) (N=4). Lower panels: Microvessels in the endometriotic lesions were determined by specific antimouse antibodies CD31 for endothelial cells in red, aSMA for smooth muscles in green, and DAPI for nuclei in blue (N=4). New microvessels are CD31-positively and aSMA-negatively stained (closed arrows), old microvessels are CD31-positively and aSMA-positively stained (opened arrows). g: endometrial glands; c: endometrial cyst-like structures; m: abdominal muscle. Representative images in different groups are shown. Scale bars: 10 lm. b Bar charts of the lesion microvessel parameters in different groups are presented. Mean ± - SEM, student's t test, *P < 0.05 compared with saline group; P < 0.05 compared with EGCG group. (Adapted from Angiogenesis (16:59, 2013)).

Figure 6

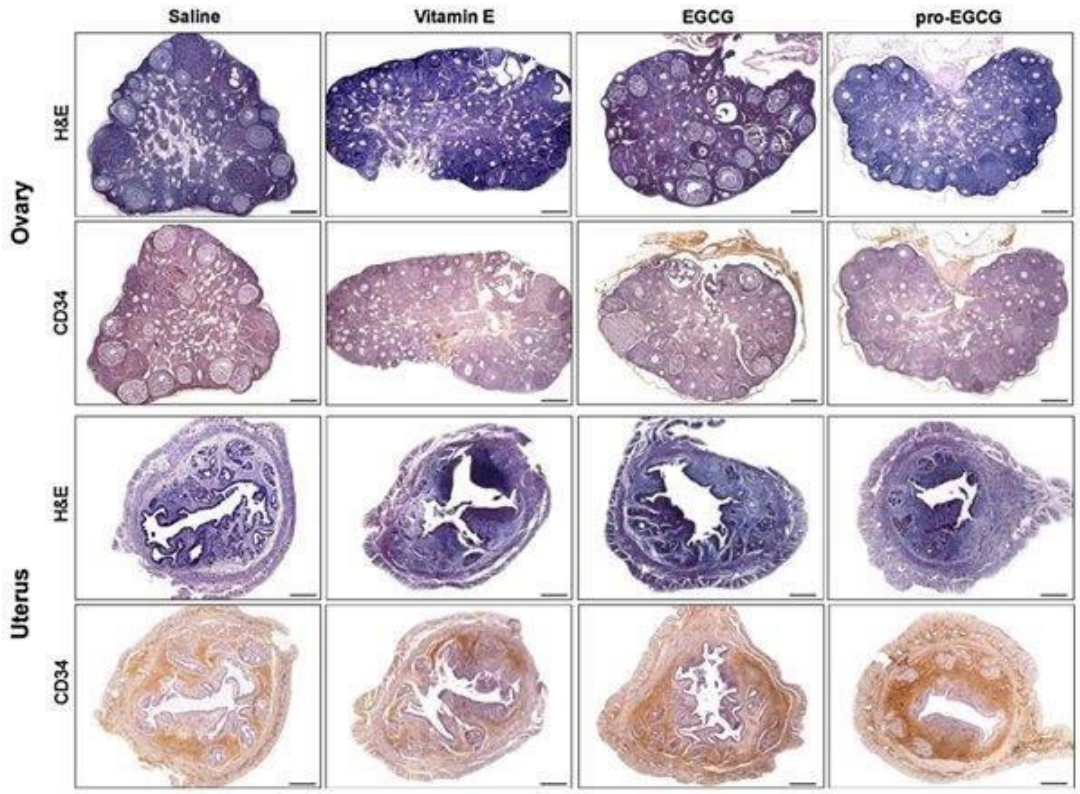


Figure 6
NLS-1 preserves normal ovarian follicles and endometrial glands. Ovarian follicles and endometrial glands were determined by H&E staining and microvessels in ovarian and endometrial stroma were determined by anti-mouse CD34 immunostaining in ovaries (upper panels) and uterus (lower panels). Representative images in different groups are shown. Scale bars: 0.5 mm.
N=8 was conducted for each group.
(Adapted from Angiogenesis (16:59, 2013)).

As a follow-up study in an animal model of endometriosis, orally administered NLS-1 reduced the lesion size significantly better than oral EGCG ($p<0.05$-0.001 at week 3- 8, ANOVA) and other hormone-based therapy such as intramuscular GnRH analog ($p<0.05$ at week 4-8, ANOVA) and other synthetic anti-angiogenesis agents such as intraperitoneal PTK787 ($p<0.05$-0.01 at week 4-8, ANOVA), as reflected in Figure 7.

Figure 7

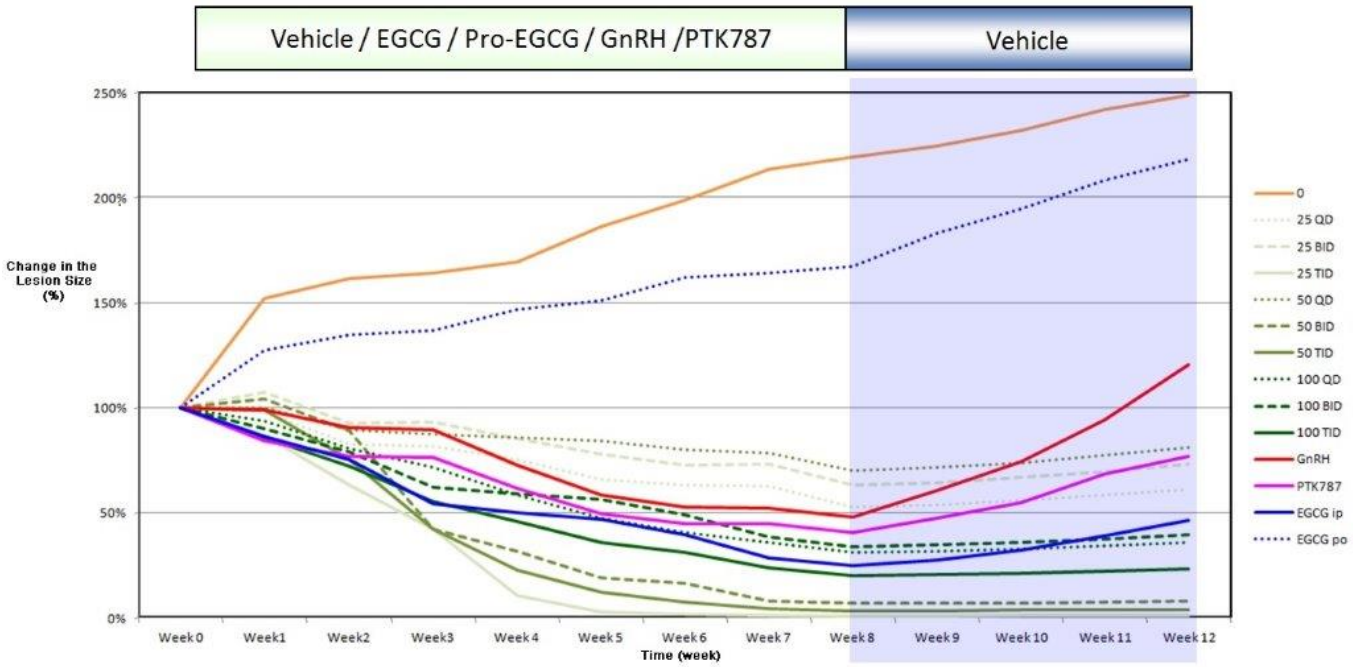


Figure 7
Comparison of the efficacy of different treatment in an experimental endometriosis model

The current approved treatment for endometriosis is hormonal therapy, which can cause severe undesirable side effects. At present, there are only a few non-hormonal therapeutics with different mechanisms than NLS-1 that are under preclinical or clinical development, such as:

1) BAY 1128688, which is a non-hormonal approach developed by Bayer HealthCare for endometriosis and which entered Phase 2 study in Spain in 2017 (https://adisinsight.springer.com/drugs/800041929); and,

2) Small molecules co-developed by Bayer and Evotec that have entered Phase 1 studies (Source: https://www.businesswire.com/news/home/20180417006820/en/Evotec-Bayer-Advance-Endometriosis-Programme-Phase-Clinical).

NLS-1 is under active development for the treatment of endometriosis. It is currently at the Lead Optimization stage to optimize its drug-like properties.

Patent License

On July 3, 2017, the Company's subsidiary, Aptorum Therapeutics Limited, entered into an exclusive license agreement with PolyU Technology and Consultancy Limited, The Royal Institution for the Advancement of Learning/McGill University, Wayne State University, H. Lee Moffitt Cancer Center and Research Institute Inc. and CUHK (all representing the licensors) for NLS-1.

We paid an upfront fee upon entering into the license agreement. We are required to pay less than 10% of the net sales of the licensed products sold by us or our affiliates as royalties, as well as a percentage of sublicense royalties that do not exceed 30% from what we receive from our sublicensees, if any. In addition, we agreed to pay the licensor aggregate regulatory and development milestones of up to HK$41.9 million (approximately US$5.37 million) for the first drug product subject to the following achievements: submission of investigational new drug application; commencement of phase 1, 2 and 3 clinical trials; submission of new drug application; and grant of first, second and third regulatory approval among the FDA, EMA and CFDA. We also agreed to pay the licensor aggregate sales milestones of up to HK$80 million (approximately US$10.26 million) subject to the following achievements: first commercial sale; and annual net sales exceeding US$100 million in one jurisdiction.

Further, for each of the second and third drug products, we agreed to pay aggregate regulatory development milestones of up to HK$9 million (approximately US$1.15 million) and aggregate sales milestone of up to HK$40 million (approximately US$5.13 million) subject to achievement of similar milestones for the first drug product. We have also agreed to pay certain one-time payments for non-drug product upon the commercialization and market launch of such non-drug product. In addition, following the filing of the IND, the Company has to pay an immaterial annual fee to the licensors.

Pursuant to the license agreement, Aptorum Therapeutics Limited became the exclusive licensee of 5 U.S. patents, 1 European Patent, 1 PRC patent, 1 Indian patent and 1 Japanese patent, as well as 1 pending US patent application, 1 pending PRC patent application and 1 pending Hong Kong patent application. Two technologies are claimed in the patents: "Epigallocatechin Gallate Derivatives for Inhibiting Proteasome," which is jointly owned by PolyU Technology and Consultancy Limited, The Royal Institution for the Advancement of Learning/McGill University, Wayne State University and H. Lee Moffitt Cancer Center and Research Institute Inc. and "Pro-EGCG for Use in the Treatment of Endometriosis," which is jointly owned by PolyU Technology and Consultancy Limited and CUHK. The licensors have nominated PolyU Technology and Consultancy Limited to represent them and take the lead in negotiating and managing the license.

Aptorum Therapeutics Limited has the right to grant sublicenses under the license agreement with prior consent from the licensors, and such approval shall not be unreasonably withheld. In the event that Aptorum Therapeutics Limited develops any improvements or new development, such licensee inventions are to be jointly owned by the licensors and Aptorum Therapeutics Limited, so that both owners will have the right to use any such inventions for any purpose. In such a case, the Company expects to negotiate a separate agreement with the licensors governing the terms on which the licensors may use such inventions.

In addition, Aptorum Therapeutics Limited also committed to providing HK$3 million (US$384,615) of research funding before July 3, 2020 to sponsor research carried out by the three principle individual inventors upon their request with respect to further R&D on the licensed technologies. The research funding shall be in the form of matching funds provided by the Innovation Technology Fund ("ITF"). The ITF is administered by the Innovation and Technology Commission of the Government of Hong Kong and encompasses a scheme where the Hong Kong government offers matching grant for joint researches to foster collaboration between private companies and public research institutions. If an ITF application is approved, the Hong Kong government will provide a grant that matches the contribution by the private company in the research projects. Since the ITF funding is merit-based and there is no guarantee that an ITF application will be granted, Aptorum Therapeutics' obligation to contribute to the research fund under the agreement will be contingent on the successful application of ITF scheme granting HK$3 million fund that matches our proposed contribution. In the event that an ITF application related to NLS-1 is not successful, the parties have agreed to negotiate for and agree to enter into new funding terms to support the ongoing research. As of today, the inventors have not filed such ITF application.

During the term of the license agreement and for two years thereafter, Aptorum Therapeutics Limited undertakes not to develop or commercialize any product that directly competes with any marketed product that is covered by the licensed technology.

The exclusive license agreement shall be in effect until the later of (1) the expiry of the term of the last to expire licensed patent set forth in the agreement, (2) final disposition of the last of the pending patent application set forth in the agreement, and (3) ten years following the first commercial sale of the product. Please refer to the patent expiration dates under "Our Business – Intellectual Property" for information regarding (1) and (2). Either party may terminate the agreement upon a material breach by or insolvency of the other party. Further, the Licensors may terminate the agreement if the licensee commits any act or omission that could tarnish the reputation of any licensors.

Statistical Significance

The term statistical significance is to define the probability that a measured difference between two groups (e.g. two treatment groups, treatment versus control groups) is the result of a real difference in the tested variations and not the result of chance. It means that the result of a test does not appear randomly or by chance, but because of a specific change that is tested, so it can be attributed to a specific cause.

The confidence level indicates to what percentage the test results will not commit a type 1 error, the false positive. A false positive occurs when a change in the result is due to randomness (or other noise) and not the change in variations. At a 95% confidence level ($p = 0.05$), there is a 5% chance that the test results are due to a type 1 error. 95% has become the standard and usually be the minimum confidence level for the tests. To make the test more stringent, a 99% confidence level ($p = 0.01$) is also commonly employed, which means that there is a 1% chance that the test results are due to a type 1 error.

In other words, a p value represents the confidence level. For example, if the p-value for a test is < 0.05, it means that there is less than 5% chance the difference between two groups is due to random error or by chance. If the p-value is < 0.01, it means that there is less than 1% chance the difference between two groups is due to random error or by chance.

We employed statistical testing to compare different treatment groups in animal studies simply for proof of concept and to aid internal decision making for further development. We do not intend to use this standard for any regulatory submission. The US FDA or other regulatory agencies may not necessarily employ the same statistical standard to assess the efficacy in clinical trials, the results of which would be submitted for regulatory approval. Although a p-value of 0.05 has become the standard, the US FDA or other regulatory agencies may also individualize their efficacy standard for different clinical programs based on the indications, the purpose of a clinical trial, among others.

FDA Application Status

As of the date of this prospectus, we have not submitted any applications for investigational new drugs ("IND") to the US Food and Drug Administration ("FDA"). By 2020 or 2021, we expect to be in a position to submit at least one application for one of our drug candidates to commence trials in humans (INDs to the FDA or an equivalent application to the regulatory authorities in another jurisdiction such as the China Food and Drug Administrative (the "CFDA") or the European Medicines Agency ("EMA")). However, there can be no assurance we will be able to make any such application by such time. Should we be delayed in making such filing or should such filing not be approved, our business will be adversely affected.

Other Projects under Development

The following provides additional detail regarding Other Projects under Development:

VLS-1: Curcumin-conjugated superparamagnetic iron oxide nanoparticles ("Curcumin-MNP") for MRI ("magnetic resonance imaging") imaging of amyloid beta plaques in Alzheimer's disease ("AD")

VLS-1 is an MRI contrast agent, which the Company believes may enable superior imaging for identifying amyloid beta plaques in Alzheimer's disease. VLS-1 differs from other existing contrast agents for amyloid imaging, such as Amyvid (Eli Lilly), Vizamyl (GE Healthcare) and Neuraceq (Piramal Healthcare), in the following respects: 1) utilization of a natural compound, curcumin, with a known high amyloid beta binding affinity and proven safety; 2) a nanoparticle-based system to enhance delivery efficiency to the brain; and 3) the combination of curcumin with iron oxide, known to be an effective MRI contrast agent. VLS-1 is currently at the Lead Discovery stage.

VLS-2: mTOR-independent transcription factor EB activator ("MITA") as autophagy activator for treatment of neurodegenerative diseases

Autophagy is an endogenous cellular mechanism for clearing multiple pathological protein aggregates including tau, the presence of which is believed to account for neurodegeneration in AD and other neurodegenerative diseases. mTOR is part of a biological pathway that is a central regulator of mammalian metabolism and physiology. Inhibition of mTOR activity is associated with various side effects, such as immunosuppression. Many other molecules that activate autophagy also inhibit mTOR activity. VLS-2 is a small drug molecule that appears to activate autophagy without inhibiting mTOR function. VLS-2 is currently at the Lead Discovery stage.

VLS-3: Novel retinal imaging agent for retinal imaging of amyloid plaques

VLS-3 consists of two components, a curcumin oral formulation and an integrated retinal imaging system. VLS-3 is currently at Lead Discovery stage. Curcumin is a naturally occurring molecule that binds to amyloid plaques and its fluorescent nature enables it to be easily detected. However, curcumin is a very challenging molecule due its low aqueous solubility and poor oral bioavailability. We intend to develop a new formulation to overcome some of these hurdles. Our prototype oral curcumin formulation exhibits an ability to disperse in aqueous media and yields a higher dissolution rate compared with the neat drug and a commercially available product. The current formulation has passed a short-term stability assessment and a long-term stability study is underway. Animal pharmacokinetic and efficacy studies are currently being planned. If tested successfully, the Company intends to market VLS-3 as a convenient and non-invasive means for preliminary screening of the retina prior to use of VLS-1 for a full brain MRI.

VLS-4: Other contrast agents for MRI diagnostics

In addition to VLS-1, the Company is actively developing a new class of MRI contrast agents for diagnosis of neurodegenerative diseases. The design of these agents takes into consideration the physicochemical properties that need to be optimized for best imaging performance, and the novel agents are currently undergoing rigorous evaluation. VLS-4 is currently at the Lead Discovery stage.

ALS-2: Small molecule for the treatment of bacterial infections caused by Staphylococcus aureus including MRSA

ALS-2 is a next generation small molecule targeting bacterial virulence for the treatment of bacterial infections caused by Staphylococcus aureus including MRSA. In a recent paper published by the inventor, Professor Richard Kao from The University of Hong Kong (also the Founder and Principal Investigator of Acticule), in PNAS (115(310: 8003, 2018), ALS-2 suppresses the expression of multiple virulence factors in Staphylococcus aureus simultaneously. In a lethal infection mouse model, compared with the vehicle group, ALS-2 protected against Staphylococcus aureus for all the mice in the group, with significant differences between the treatment and control groups [P = 0.0057, by log-rank (Mantel-Cox) test].

ALS-2 is currently at the Lead Optimization stage to optimize its drug-like properties.

ALS-3: Small molecule acting synergistically with certain existing antibiotics

ALS-3 is a novel small molecule that is at present under investigation to combine with certain classes of existing antibiotics to overcome drug resistance. We are exploring ALS-3 for the treatment of bacterial infections including MRSA. ALS-3 is currently at the Lead Optimization stage to optimize its drug-like properties.

NLS-2: An extract from Chinese Yam for relief of menopausal symptoms

NLS-2 is an extract isolated from Chinese Yam, Dioscorea opposita Thunb. In development for the treatment of menopausal syndrome, we expect NLS-2 is to be formulated into an oral dosage form or nasal spray for administration. Each therapy cycle is expected to last for 3 months. Menopausal syndrome refers to the symptoms experienced by women during menopause, such as hot flashes, mood disorders, night sweats, depression, nervous tension and insomnia that are related to estrogen deficiency. Our research suggests that NLS-2 stimulates estradiol biosynthesis in rat ovarian granulosa cells; induces estradiol and progesterone secretion in aged rats by upregulating expressions of follicle-stimulating hormone receptor and ovarian aromatase; counteracts the progression of osteoporosis and augments bone mineral density; and improves cognitive functioning by upregulating protein expressions of brain-derived neurotrophic factor and TrkB receptors in the prefrontal cortex. Furthermore, NLS-2 does not appear to stimulate the proliferation of breast cancer and ovarian cancer cells, which suggests that it could be a more efficacious and safer alternative to hormone replacement therapy (Sci Rep. 2015 5:10179). NLS-2 is currently at the Lead Discovery stage.

NLS-3: Extract from garlic for the treatment of and protection against retinal ischemia/reperfusion injury

NLS-3 is based on S-Allyl L-Cysteine ("SAC"), an active organosulfur compound in aged garlic extract which has been reported to possess antioxidative activity. In macrophages and endothelium, it has been shown that SAC possesses potent antioxidative effects involving the scavenging of superoxide radicals, hydroxyl radicals and hydrogen peroxide. Central/branch retinal artery/vein occlusion, glaucoma and, possibly, age related macular degeneration ("AMD") are conditions associated with retinal ischemia. All these diseases may lead to severe complications or after-effects. Furthermore, after retinal ischemia/reperfusion ("I/R"), large amounts of reactive oxygen species ("ROS") are produced, which attack nearby cells and cause tissue damage. Therefore, management of retinal ischemia is vital and NLS-3 is being developed for the treatment of and protection against ischemia/reperfusion injury. NLS-3 is currently at the Lead Discovery stage.

SPLS-1: A quinoline derivate for liver cancer treatment

SPLS-1, a novel quinoline derivative from Ephedra pachyclada, is at present under active investigation for the treatment of liver cancer. It is currently at the Lead Discovery stage.

SLS-1: Robotic Catheter Platform for Intra-operative MRI-guided Cardiac Catheterization

SLS-1 is our robotic catheter platform for MRI-guided cardiovascular intervention for the treatment of arrhythmia. The platform consists of a magnetic resonance imaging ("MRI-guided") robotic electrophysiology ("EP") catheter system, an MR-based positional tracking unit, and a navigation interface. This platform has the potential to offer a major step toward achievement of several clinical goals: (i) enhancing catheter manipulation and lesion ablation, which we believe will decrease the chance of arrhythmia recurrence; (ii) improving the safety of catheter navigation, thereby decreasing the rates of undesired or inadvertent tissue damage; and (iii) enhancing catheter control, thus facilitating shorter learning curves for surgeons and better treatment in more complex patient cases. Should such goals be demonstrated, patient outcomes should be improved, compensating for the cost of using MRI and reducing the overall expenditure.

To date, a product prototype has been developed. Lab-based experiments have been conducted to verify the performance of the robot towards an image-guided pulmonary vein isolation ("PVI") task. The MR-based tracking unit has also been developed and validated in MRI scanners. The next step is to test the robotic catheterization using a dynamic heart phantom simulated with the pulsatile liquid flow. Preclinical trials can then be conducted with all the components ready. RF ablation will be conducted in a live porcine model, prepared with arrhythmia. If all the results are positive, we will approach the US FDA or other regulatory agencies to apply for conducting clinical trials on the equipment.

SLS-1 is currently in Lab-based Phantom Trial and it will follow the regulatory pathway for approval as indicated in the table in Page 73.

Aptorum Medical Limited - AML Clinic

Incorporated in August 2017, Aptorum Medical Limited is a Hong Kong-based company incorporated in Cayman Islands focused on delivering premium healthcare and clinic services. AML can draw on the expertise of many of the region's most experienced medical practitioners, and is committed to providing a comprehensive cross-functional facility for healthcare professionals to practice evidence-based medicine and offer high-quality medical services to their patients. We also intend that AML will offer to conduct clinical trials of both the Company's and third parties' new drug and device products.

Effective as of March 2018, we leased office space in Central, Hong Kong, the commercial and financial heart of Hong Kong, as the home to AML Clinic (See "Facilities"). We operate the AML Clinic under the name of Talem Medical. AML Clinic commenced operation in June 2018.

The recently renovated medical center is staffed by our group of medical professionals and offers state-of-the-art facilities. Initially we expect to focus our expertise on treatment of chronic diseases resulting from modern sedentary lifestyles and an aging population.

Corporate History and Background

Aptorum was incorporated under the laws of the Cayman Islands on September 13, 2010. Our share capital is $100,000,000.00 divided into 60,000,000 Class A Ordinary Shares with a nominal or par value of $1.00 each and 40,000,000 Class B Ordinary Shares with a nominal or par value of $1.00 each.

Please see the chart illustrating our current corporate structure, under the heading of "Our Structure" in the Prospectus Summary, included earlier in this prospectus.

Prior to the completion of this Offering and as long as our officers and directors, either individually or in the aggregate, own at least 50% of the voting power of our Company, we will be a "controlled company" as defined under NASDAQ Marketplace Rules (specifically, as defined in Rule 5615(c)). We have no current intention to rely on the controlled company exemptions afforded to a controlled company under the NASDAQ Marketplace Rules.

APTUS CAPITAL LIMITED, which has since been renamed to AENEAS CAPITAL LIMITED and which we refer to herein as Aeneas, was always under the direct ownership of Jurchen and not under the ownership chain of Aptorum Group. However, Aptus Asia Financial Holdings Limited ("AAFH") was transferred out of the Aptorum Group on November 10, 2017 to be held directly by Jurchen Investment Corporation and that subsequently, APTUS CAPITAL LIMITED was then transferred to be under AAFH.

On March 1, 2017, the Company's board of directors and shareholders resolved to restructure the Company from an investment fund with management shares and non-voting participating redeemable preference shares to a holding company with operating subsidiaries (the "Restructuring Plan").

According to the Restructuring Plan, the 256,571.12 issued participating shares with par value of $0.01 ("Participating Shares") were redeemed and 4,743,418.88 unissued Participating Shares were cancelled; following such redemption and cancellation, we no longer have any Participating Shares authorized or issued. Additionally, the Company authorized a class of securities consisting of 100,000,000 ordinary shares, par value $1.00 per share ("Ordinary Shares") and issued 25,657,110 Ordinary Shares to our original investors.

During the period March 1, 2017 through October 13, 2017, an aggregate of 2,207,025 Ordinary Shares were issued at a price of approximately $3.90 per share in a private placement we described as a "Series A" offering. Each investor of the Series A offering, in addition to a subscription agreement, signed a shareholder agreement, which set forth the basic governance terms of the Company, as well as our capital structure. The shareholders agreement was terminated in October 2017.

On October 13, 2017, ordinary resolutions were passed at an extraordinary general meeting of the Company approving: (i) converting 72,135,865 of authorized but unissued Ordinary Shares into 54,573,619 authorized but unissued Class A ordinary shares, par value of $1.00 per share ("Class A Ordinary Shares") and 17,562,246 authorized but unissued Class B ordinary shares, par value of $1.00 per share ("Class B Ordinary Shares"), respectively; (ii) converting 24,930,839 Ordinary Shares held by three shareholders into an aggregate of 2,493,085 Class A Ordinary Shares and 22,437,754 Class B Ordinary Shares; and (iii) converting 2,933,296 Ordinary Shares held by 24 shareholders into an aggregate 2,933,296 Class A Ordinary Shares. Following these issuances, we had 27 shareholders of record.

On October 19, 2017, we changed our name from APTUS Holdings Limited to our current name, Aptorum Group Limited.

Intellectual Property

The technologies underlying our various research and development projects are the subject of various patents and patent applications claiming, in certain instances, composition of matter and, in other instances, methods of use. Prosecution, maintenance and enforcement of these patents, as well as those on any future protectable technologies we may acquire, are and will continue to be an important part of our strategy to develop and commercialize novel medicines and medical devices, as described in more detail below. Through entering into license agreements with their owners, we have obtained exclusive rights to these patents, applications and related know-how in the U.S. and certain other countries to develop, manufacture and commercialize the products using or incorporating the protected inventions that are described in this Prospectus and that are expected to contribute significant value to our business. The technologies protected by these patents may also for the basis for the development of other products.

In addition to licensed intellectual property, our in-house science team has been actively developing our own proprietary intellectual property. No patent applications have yet been filed in the Company's own name for the Lead Projects. We have, however, filed 2 U.S. provisional patent applications, including U.S. Provisional Application No. 62/590,369 directed to a retinal imaging system for detection of neurodegenerative disease that is under development (VLS-3) and U.S. Provisional Application No. 62/729,998 directed to a metal-based probes for in-vivo non-invasive detection of amyloid plaques (VLS-4). The U.S. Provisional Application Nos. 62/590,369 and 62/729,998 were filed on November 24, 2017 and September 11, 2018, respectively, allowing us to secure earlier filing dates for the underlying inventions.

The U.S. patent system permits the filing of provisional and non-provisional patent applications (i.e., a regular patent application). A non-provisional patent application is examined by the USPTO, and can mature into a patent once the USPTO determines that the claimed invention meets the standards for patentability. On the other hand, a provisional patent application is not examined for patentability, and automatically expires 12 months after its filing date. As a result, a provisional patent application cannot mature into a patent.

Provisional applications are often used, among other things, to establish an earlier filing date for a subsequent non-provisional patent application. The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained.

The effective filing date of a non-provisional patent application is used by the USPTO to determine what information is prior art when it considers the patentability of a claimed invention. If certain requirements are satisfied, a non-provisional patent application can claim the benefit of the filing date of an earlier filed provisional patent application. As a result, the filing date accorded by the provisional patent application may supersede information that otherwise could preclude the patentability of an invention.

A provisional patent application is not eligible to become an issued patent unless, among other things, we file a non-provisional patent application within 12 months of the filing date of the provisional patent application. Depending on the progress of our developments of VLS-3 and VLS-4, the Company may elect to file a non-provisional application claiming priority to US Provisional Application Nos. 62/590,369 and 62/729,998 before their expiration on November 24, 2018 and September 11, 2019, respectively. If we do not timely file a non-provisional patent application claiming priority to said provisional application, we may lose our priority date with respect to our provisional patent applications. Further, if any (self or by others) publication of the invention is made after such priority date, and if we do not file a non-provisional application claiming priority to said provisional application, our invention may become unpatentable.

Moreover, we cannot predict whether such future patent applications will result in the issuance of patents that effectively protect any of our product candidates or will effectively prevent others from commercializing competitive products.

Other than US Provisional Application Nos. 62/590,369 and 62/729,998, we do not currently own, nor have we acquired any rights in any provisional patent application.

We do not expect to incur material expenses in the prosecution of the VLS-3 and VLS-4 provisional applications or other licensed patent applications. We expect to fund the patent costs from our cash and restricted cash.

The value of our drug and device products will depend significantly on our ability to obtain and maintain patent and other proprietary protection for those products, preserve the confidentiality of our trade secrets and operate without infringing the valid and enforceable patents and proprietary rights of other parties.

The following table sets forth a list related to our Lead Projects of our patent rights under the exclusive licenses as of the date of this prospectus:

Project Company / Project name	License Agreement	Licensor(s)	Licensee	Licensed / IP Rights	Patent Expiration Dates
Acticule / ALS-1	Exclusive Patent License Agreement, dated October 18, 2017 First Amendment to Exclusive License Agreement, dated June 7, 2018	Versitech Limited	Acticule Life Sciences Limited	Exclusive licensee: 1 U.S. patent (US9212177), 1 European Patent (EP2462138B1), 1 PRC patent (CN102596946B), 1 German patent (DE60 2010 019 171.0)	The licensed IP rights include granted patents in the U.S., Switzerland, Germany, Great Britain and PRC. The U.S. patent will expire in 2031; the European Patent in 2030; the PRC patent in 2030 and the German patent in 2030.
Acticule / ALS-4	Exclusive Patent License Agreement, dated October 18, 2017 First Amendment to Exclusive License Agreement, dated June 7, 2018	Versitech Limited	Acticule Life Sciences Limited	Exclusive licensee: 1 pending U.S. application 16/041,836), and 1 pending PCT application (PCT/IB2018/055458)[1]	The licensed IP rights include pending patent applications in the U.S. and under the PCT. Any patent based on the application, if granted, will have a 20-year patent term from 2018.
Nativus / NLS-1	1) Exclusive License Agreement, dated July 3, 2017 2) Addendum to License Agreement, dated February 9, 2018	1) PolyU Technology and Consultancy Company Limited 2) McGill University 3) Wayne State University 4) H. Lee Moffitt Cancer Center and Research Institute Inc. 5) The Chinese University of Hong Kong	Aptorum Therapeutics Limited	Exclusive licensee: 5 U.S. patents (US9713603, US7544816, US8193377, US8710248, US9169230), 1 European Patent (EP1778663), 1 PRC patent (CN101072764B), 1 Indian patent (IN263365) and 1 Japanese patent (JP5265915), as well as 1 pending U.S. application (US20170281591A1), 1 pending PRC application (CN104703596A), and 1 pending Hong Kong application (HK15111955.3)	The licensed IP rights include granted patents in the U.S., Switzerland, Germany, Great Britain, Ireland, Luxemburg, Monaco, PRC, India and Japan, as well as pending patent applications in the U.S., PRC and Hong Kong. We cannot predict whether such future patent applications will result in the issuance of patents that effectively protect the candidate. The U.S., European and PRC patents covering the compound will expire in 2025; the indication U.S. patent will not expire until 2033.

Because of the extensive time required for clinical development and regulatory review of a drug we may develop, it is possible that, before any of our drug and device candidates can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby reducing any advantage of any such patent. If appropriate, the Company may seek to extend the period during which it has exclusive rights to a product by pursuing patent term extensions and marketing exclusivity periods that are available from the regulatory authorities of certain countries (including the United States) and the EPO.

Even though the Company has certain patent rights, the ability to obtain and maintain protection of biotechnology and pharmaceutical products and processes such as those we intend to develop and commercialize involves complex legal and factual questions. No consistent policy regarding the breadth of claims allowed in such patents has emerged to date in the U.S. The scope of patent protection outside the United States is even more uncertain. Changes in the patent laws or in interpretations of patent laws in the United States and other countries have diminished (and may further diminish) our ability to protect our inventions and enforce our IP rights and, more generally, could affect the value of IP.

While we have already secured rights to a number of issued patents directed to our drug candidates, we cannot predict the breadth of claims that may issue from the pending patent applications and provisional patents that we have licensed or that we have filed. Substantial scientific and commercial research has been conducted for many years in the areas in which we have focused our development efforts, which has resulted in other parties having a number of issued patents, provisional patents and pending patent applications relating to such areas. The patent examiner in any particular jurisdiction may take the view that prior issued patents and prior publications render our patent claims “obvious” and therefore unpatentable or require us to reduce the scope of the claims for which we are seeking patent protection.

[1] We intend to file national stage applications in at least PRC and before the EPO prior to the 30-month entry deadline of the PCT application falling on January 2021.

In addition, patent applications in the United States and elsewhere generally are not available to the public until at least 18 months from the priority date, and the publication of discoveries in the scientific or patent literature frequently occurs substantially later than the date on which the underlying discoveries were made. Therefore, patent applications relating to drugs and devices similar to our drug and device candidates may have already been filed, which (if they result in issued patents) could restrict or prohibit our ability to commercialize our drug and device candidates.

The biotechnology and pharmaceutical industries are characterized by extensive litigation regarding patents and other IP rights. Our ability to prevent competition for our drug and device candidates and technologies will depend on our success in obtaining patents containing substantial and enforceable claims for those candidates and enforcing those claims once granted. With respect to any applications which have not yet resulted in issued patents, there can be no assurance that meaningful claims will be obtained. Even issued patents may be challenged or invalidated. If others have prepared and filed patent applications in the United States that also claim technology to which we have filed patent applications or otherwise wish to challenge our patents, we may have to participate in interferences, post-grant reviews, inter parties reviews, derivation or other proceedings in the USPTO and other patent offices to determine issues such as priority of claimed invention or validity of such patent applications as well as our own patent applications and issued patents. Patents may also be circumvented, and our competitors may be able to independently develop and commercialize similar drugs or mimic our technology, business model or strategy without infringing our patents. The rights granted under any issued patents may not provide us with proprietary protection or competitive advantages against competitors with similar technology.

We may rely, in some limited circumstances, on unpatented trade secrets and know-how to protect aspects of our technology. However, it is challenging to monitor and prevent the disclosure of trade secrets. We seek to protect our proprietary trade secrets and know-how, in part, by entering into confidentiality agreements with consultants, scientific advisors and contractors and invention assignment agreements with our employees. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. While we have confidence in these individuals, organizations and systems, agreements or security measures may be breached, giving our competitors knowledge of our trade secrets and know-how, and we may not have adequate remedies for any such breach, in which case our business could be adversely affected. Our trade secrets will not prevent our competitors from independently discovering or developing the same know-how. Although our agreements with our consultants, contractors or collaborators require them to provide us only original work product and prohibit them from incorporating or using IP owned by others in their work for us, if they breach these obligations, disputes may arise as to the rights in any know-how or inventions that arise from their work.

Our commercial success will also depend in part on not infringing the proprietary rights of other parties. Although we seek to review the patent landscape relevant to our technologies on an ongoing basis, we may become aware of a new patent which has been issued to others with claims covering or related to aspects of one of our drug or device candidate. The issuance of such a patent could require us to alter our development plans for that candidate, redesign the candidate, obtain a license from the patent holder or cease development. Our inability to obtain a license to proprietary rights that we may require to develop or commercialize any of our drug and device candidates would have a material adverse impact on us.

(See “Risk Factors – Risks Related to Our Intellectual Property”)

Trademarks

As of the date of this prospectus, we have a total of 17 trademark registrations covering “APTORUM THERAPEUTICS,” “VIDENS LIFE SCIENCES,” “ACTICULE LIFE SCIENCES,” “NATIVUS LIFE SCIENCES,” “SCIPIO LIFE SCIENCES,” “Talem in Chinese characters” and a number of our company logos, including 4 EU trademark registrations, 4 United Kingdom trademarks and 9 Hong Kong trademarks. Furthermore, we are in the process of applying for registration of registered trademarks in other jurisdictions including the U.S., United Kingdom, the PRC and Hong Kong.

We also own certain unregistered trademark rights or have submitted applications for trademarks in, for example, “Aptorum Therapeutics,” “Videns Life Sciences,” “Claves Life Sciences,” “Acticule Life Sciences,” “Nativus Life Sciences,” “Scipio Life Sciences,” “Signate,” “Talem” and a number of our company logos.

All other trade names, trademarks and service marks of other companies appearing in this prospectus are the property of their respective holders. Solely for convenience, the trademarks and trade names in this prospectus are referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend our use or display of other companies’ trademarks and trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

Important Advisors and Consultants to the Company

In addition to Company management, the following individuals provide the Company with significant advice and insight in their respective fields:

Senior Clinical Advisor of Aptorum Therapeutics Limited

DR. NISHANT AGRAWAL

Dr. Agrawal, MD, has been serving as the Director of Head and Neck Surgical Oncology, and Professor of Surgery at The University of Chicago School of Medicine since October 2015. He is specialized in management of patients with benign and malignant tumors of the head and neck, and has been practicing Otolaryngology - Head and Neck Surgery, at The University of Chicago Medicine, and Center for Advanced Medicine, both in Chicago since 2009.

Dr. Agrawal's work has achieved international recognition in the field of head and neck surgical oncology, as well as head and neck cancer genetics. Under his leadership, a team of researchers completed a landmark study that examined the genome of head and neck squamous cell carcinoma. His team has published extensively in the genomic landscapes of major head and neck cancers, including esophageal squamous cell carcinoma, esophageal adenocarcinoma, medullary thyroid cancer, adenoid cystic carcinoma, and mucoepidermoid carcinoma. Dr. Agrawal then applied these findings to identify tumor DNA as a biomarker that improves cancer diagnostics in the saliva and plasma of patients with head and neck squamous cell carcinoma. His researches focus on the application of cancer genetics to design diagnostic approaches to reduce morbidity and mortality from head and neck cancer.

In addition to his clinical and research contributions, Dr. Agrawal is an accomplished educator-teaching medical students, residents, and fellows about the management of patients with head and neck cancer. Prior to joining the University of Chicago, Dr. Agrawal was an associate professor at Johns Hopkins University, where he completed his medical training in 2001, followed by internship and residency.

In addition, Dr. Agrawal was granted fellowships from the Memorial Sloan Kettering Cancer Center, New York (Head and Neck Surgical Oncology), and from Johns Hopkins University School of Medicine, Baltimore (Molecular Genetics). He holds numerous Memberships from accredited American medical associations and institutions.

Specifically, as a Senior Clinical Advisor, Dr. Agrawal supports our efforts to identify, develop and commercialize novel therapies for patients and the healthcare industry. He provides a diverse collection of academic, industrial and regulatory expertise.

Senior Advisors of Aptorum Therapeutics Limited

DR. HENRY CHAN LIK YUEN

Dr. Chan has been serving as the Associate Dean (Global Engagement) at the Faculty of Medicine at CUHK since 2018, and served as the Assistant Dean (External Affairs) at the Faculty of Medicine at CUHK and the Head of Division of Gastroenterology and Hepatology, Department of Medicine and Therapeutics from 2013 to 2018.

Dr. Chan specializes in Gastroenterology and Hepatology. Key areas of his research interest include viral hepatitis, liver fibrosis, liver cancer, anti-viral therapy, and fatty liver disease. Currently, Dr. Chan is also the Director at the Institute of Digestive Disease, the Director at the Centre for Liver Health, and the Director at the Office of Global Engagement. His other honorary appointments include the Chairman for the Strategic and Technical Advisory Committee for Viral Hepatitis at the Western Pacific Regional Office of World Health Organization ("WHO").

Dr. Chan is a key investigator in over 30 Phase 1 to Phase 4 international trials on antiviral treatment of chronic hepatitis B and C, and is the global lead author in publications on peginterferon-alfa, peginterferon-lambda, telbivudine, tenofovir disoproxil fumarate, and tenofovir alafenamide for the treatment of viral hepatitis B. He has received numerous local, national, and international research awards including the Excellent Research Award by the Food and Health Bureau, Hong Kong in 2010 and 2014, and the National Award for Science and Technology Progress in 2012. He has published over 400 papers in peer-reviewed journals.

Dr. Chan graduated in medicine and completed his doctoral degree at CUHK in August 2001, where he was also appointed to a full professorship in the Department of Medicine and Therapeutics in August 2008. He is currently a Fellow of the Hong Kong College of Physicians, a Fellow of the Royal College of Physicians of Edinburgh and London, a fellow of the American Association for the Study of Liver Diseases, and an Honorary Consultant at the Prince of Wales Hospital. Prior to this, he joined the staff of the Prince of Wales Hospital in July 1993.

As an expert in Gastroenterology and Hepatology, Dr. Chan is responsible for providing advice for Claves, our project company specializing in modulating microbiota in the gastrointestinal tract for curing various diseases; and Scipio, our project company specializing in the development of oncology products. At preclinical stage, Dr. Chan is providing advice as to different indications that our product candidates are targeting for. With extensive experience in conducting clinical trials for pharmaceutical companies, Dr. Chan will provide advice on the design of clinical trials for our products candidates at clinical stages.

DR. PHILIP WY CHIU

Dr. Philip Chiu has been a Professor of Department of Surgery, Institute of Digestive Disease since August 2010; the Director of CUHK Jockey Club Minimal Invasive Surgical Skills Center since November 2011; the Director of CUHK Chow Yuk Ho Technology Center for Innovative Medicine and the Assistant Dean (External Affairs), Faculty of Medicine, CUHK, since 2013.

Dr. Chiu graduated from the Faculty of Medicine, CUHK in 1994 with two scholarships. He became a fellow of the Royal College of Surgeons of Edinburgh, Hong Kong Academy of Medicine in 2001 and received his Doctor of Medicine at CUHK in 2009. Dr. Chiu was the first to perform endoscopic submucosal dissection ("ESD") for the treatment of early GI cancers in Hong Kong. In 2010, he performed the first Per-oral Endoscopic Myotomy ("P.O.E.M.") in Hong Kong. His research interests include upper gastrointestinal bleeding, esophageal cancer and minimally invasive and robotic esophagectomy, novel endoscopic technology for diagnosis of early GI cancers, ESD and novel endoscopic procedures as well as Natural Orifices Transluminal Endoscopic Surgery ("NOTES").

Currently Dr. Chiu is an honorary treasurer of the College of Surgeons of Hong Kong. He published over 100 peer-reviewed journals and four book chapters. He has received numerous prestigious awards including State Scientific Technology and Progress Award from the PRC in 2007 and 2nd class award in Technological Advancement, Ministry of Education of the PRC in 2011. Recently his research on P.O.E.M. was awarded the best of DDW 2011 and the first prize of ASGE world cup of endoscopy 2012. He is currently an associate editor of Digestive Endoscopy and co-editor of Endoscopy.

As a surgeon by training, especially in minimally invasive and robotic surgery, Dr. Chiu is providing advice for Signate, our project company specializing in the development of surgical robots. Specifically, he is involved in the design of SLS-1 and will be involved in the design of clinical trials at a later stage.

DR. VINCENT MOK CHUNG TONG

Dr. Vincent Mok has been serving as the Assistant Dean (Admissions) at the Faculty of Medicine, CUHK since January 2014, the Head of Division of Neurology of the Department of Medicine and Therapeutics, since December 2016 and has been appointed as the Mok Hing Yiu Professor of Medicine since November 2017. He has also been serving in Master Programme in Stroke and Clinical Neurosciences since July 2007.

Dr. Mok specializes in Neurology, Dementia, and Movement disorders. Key areas of research interest include Vascular Cognitive Impairment, Cerebral Small Vessel Disease, Neuroimaging in Cognitive Impairment, and Parkinson's Disease. Dr. Mok has also been serving as a Convener of Lui Che Woo Institute of Innovative Medicine - Brain Theme since January 2017, the Director of Therese Pei Fong Chow Research Centre for Prevention of Dementia since May 2016, and Executive Committee Member of Chow Yuk Ho Technology Center for Innovative Medicine since January 2015.

Dr. Mok's qualifications include: Doctor of Medicine at CUHK (December 2005), Fellow of the Royal College of Physicians (Edinburgh) (July 2007), Fellow of the Hong Kong Academy of Medicine (December 2000), Fellow of the Hong Kong College of Physicians (July 2000), Member of the Royal College of Physicians (November 1996), and Bachelor of Medicine and Bachelor of Surgery (University of Sydney) (April 1993).

As an expert in neurology, Dr. Mok is responsible for providing advice for Videns, our project company specializing in the development of neurology products. At preclinical stage, Dr. Mok is providing directions in product development targeting different indications related to neurodegenerative diseases. At a later stage, he will be involved in the clinical design once our candidates enter clinical trials.

External Experts serve as the members of Aptorum Therapeutics Limited's Scientific Assessment Committee

The members of our Scientific Assessment Committee work together to provide valuable input from a scientific perspective towards target acquisition or in-licensing opportunities of life science innovations. This committee, together with the Senior Clinical Advisors and internal experts, performs an 8-Dimensions assessment process (Pharmacology/Animal efficacy, Medicinal Chemistry, Chemistry, Manufacturing & Control (CMC), Drug Metabolism and Pharmacokinetics (DMPK), Clinical Trials, Technology, Legal/IPs and Business/Financing) that helps to evaluate the market potential and scientific quality of our product portfolio. After collecting all the advice from different advisors and internal experts, the chairs of the Committee will jointly make decisions on licensing.

DR. WILLIAM WU KA KEI

Dr. William Wu has been an Assistant Professor in the Department of Anaesthesia and Intensive Care at CUHK from December 2014 to August 2018, and he was promoted to Associate Professor in August 2018. Prior to this, Dr. Wu was appointed as a Research Assistant Professor in the Institute of Digestive Diseases at CUHK from December 2011 to November 2014. He is an expert in molecular pharmacology and toxicology. He has published extensively in cancer biomarkers and novel therapeutics, with over 220 peer-reviewed journals published on international journals, including *Nature Communications*, *Molecular Biology and Evolution*, *Autophagy*, *Cell Research*, and *Cancer Research*, and six book chapters with citations over 6,000 and an h-index of 40 (Scopus). His research has been recognized both nationally and internationally. He has earned his Fellowship of the Royal College of Pathologists (FRCPath) from his original works in toxicology, and has been conferred the Young Research Award by CUHK, the First-Class Higher Education Outstanding Scientific Research Output Award (Natural Science) by the Ministry of Education of the PRC, and the Second-Class State Natural Science Award.

Dr. Wu obtained his Ph.D. in Medical Sciences in December 2009 and received post-doctoral training from 2009 to 2011 in the Institute of Digestive Diseases both from CUHK.

As a basic scientist in cancer biology, Dr. Wu is responsible for assessing pharmacology/animal efficacy of our potential drug candidates, especially candidates for Scipio, our project company specializing in the development of oncology products.

DR. JASON Y. K. CHAN

Dr. Jason Chan has been an Assistant Professor in the Department of Otorhinolaryngology, Head & Neck Surgery at CUHK since September 2014. Between June 2013 and September 2014, Dr. Jason Chan satisfied the Hong Kong Medical Council's requirements to practice medicine in Hong Kong and obtained his American Board certification while continuing his research interests. Dr. Chan graduated from Guy's, King's and St Thomas' School of Medicine in London in July 2005, followed by completion of specialist training in Otolaryngology, Head and Neck surgery at the Johns Hopkins School of Medicine with advanced training in head and neck surgery on microvascular reconstruction and robotics in June 2013.

His research interests include genomics, microbiome, diagnosis, treatment and surveillance of head and neck cancers and the development of novel robotic applications for head and neck surgery.

Dr. Chan's qualifications include: Licentiate of Medical Council of Hong Kong, Bachelor of Medicine and Bachelor of Surgery (London), Diplomate American Board of Otolaryngology, Head and Neck Surgery, Fellow of the Hong Kong College of Otorhinolaryngology, Fellow of the Hong Kong Academy of Medicine (Otorhinolaryngology), and Fellow of the Royal College of Surgeons Edinburgh (Otolaryngology).

As an experienced user of surgical robots in conducting head and neck surgery, Dr. Chan is responsible for assessing technology related to surgical robotics, especially candidates for Signate, our project company specializing in the development of surgical robots.

DR. KA-WAI KWOK

Dr. Ka-Wai Kwok has been serving as Assistant Professor in Department of Mechanical Engineering, HKU since August 2014. He has also been serving as an Adjunct Assistant Professor in the School of Science and Engineering at The Chinese University of Hong Kong, Shenzhen ("CUHK SZ"), since October 2016.

His research interests focus on surgical robotics, intra-operative medical image processing, and their uses of high-performance computing techniques. To date, he has been involving in various designs of surgical robotic devices and interfaces for endoscopy, laparoscopy, stereotactic and intra-cardiac catheter interventions. His works have been highly recognized and winning several awards from IEEE international conferences in robotics and computing, including ICRA'18, RCAR'17, ICRA'17, ICRA'14, IROS'13 and FCCM'11, Hamlyn Symposium'12 and '08, and Surgical Robot Challenge'16. He also became the recipient of Early Career Awards 2015/16 offered by Research Grants Council of Hong Kong. He currently serves as associate editor for an academic journal, "Frontier in Robotics and AI."

He obtained his Ph.D. in The Hamlyn Centre for Robotic Surgery, Department of Computing, Imperial College London in March 2012, where he continued research on surgical robotics as a postdoctoral fellow between March 2012 and May 2013 and obtained the Croucher Foundation Fellowship between August 2013 and August 2014. This subsequently supported his research jointly hosted by The University of Georgia and Brigham and Women's Hospital - Harvard Medical School.

As a mechanical engineer specializing in the design of surgical robotics, Dr. Kwok is responsible for assessing technology related surgical robotics, especially candidates for Signate, our project company specializing in the development of surgical robots.

DR. KENNY YU KWOK HEI

Dr. Kenny Yu was appointed as the NIHR Academic Clinical Lecturer at the University of Manchester in the United Kingdom in 2017.

Dr. Kenny Yu commenced specialist training in Neurosurgery at Salford Royal Hospital, United Kingdom in 2008 and attained his FRCS (Surgical Neurology) specialist qualification in 2018. His research interests are in myeloid cell infiltration in malignant gliomas, intra-tumoral delivery of therapeutics and in the application of advanced data analytical technology for biological and clinical datasets. He completed his Ph.D. in 2016 at the Stem Cell and Neurotherapies Laboratory at the University of Manchester under Prof Brian Bigger and subsequently completed a post-doctoral research fellowship at Dr. Peter Dirks laboratory in Toronto, Canada.

Dr. Yu's key areas of research interests include Neurosurgery, Neuro-oncology, Cancer Inflammation and Cancer Immunology.

As both a basic and clinical scientist, Dr. Yu is responsible for assessing pharmacology/animal efficacy and clinical trials of our potential drug candidates, especially candidates for Scipio, our project company specializing in the development of oncology products; and Videns, our project company specializing in the development of neurology products.

DR. OWEN KO HO

Dr. Ko has been serving as a principal investigator and executive committee member at the Gerald Choa Neuroscience Center since 2017, a principal investigator at the Li Ka Shing Institute of Health Sciences and a clinical lecturer (from 2016 to 2018) and Assistant Professor (since 2018) in the Department of Medicine and Therapeutics, with all appointments at CUHK. Leading a team with diverse expertise in biology, chemistry and engineering, his research work focuses on the principles by which neural circuits mediate sensory perception and learning, as well as development of novel neuroimaging techniques.

Dr. Ko was admitted to the Bachelor of Medicine and Bachelor of Surgery Programme (MBChB) at CUHK in 2005. After completing his second year of studies, he pursued a one-year Intercalated Bachelor of Medical Sciences (BMedSci), followed by a three-year Ph.D. program in neuroscience at University College London ("UCL") in the UK under the guidance of Professor Thomas Mrsic-Flogel. In 2012, Dr. Ko returned to Hong Kong and completed clinical training in 2015. He has published two first-authored Nature papers and one first-authored Nature Neuroscience paper from his Ph.D. studies. His breakthrough research has led to his runner-up award of the 2014 Eppendorf & Science Prize for Neurobiology, as the first awardee in Hong Kong.

As a neuroscientist and medical doctor, Dr. Ko is responsible for assessing pharmacology/animal efficacy and clinical trials of our potential drug candidates, especially candidates for Videns, our project company specializing in the development of neurology products.

DR. WAI-LUNG NG

Dr. Wai-Lung Ng obtained his B.Sc. degree with a First-Class Honors in Chemistry from CUHK in 2010. With the support of the Hong Kong Ph.D. Fellowship and T.C. Cheng Postgraduate Scholarship, he completed his Ph.D. studies at CUHK in 2014. He was a Fulbright Scholar (2013-2014) at Massachusetts Institute of Technology ("MIT"), under the support from Lee Hysan Foundation and the Fulbright Program. He was then recruited to University of Oxford as a Croucher Foundation Postdoctoral Fellow from 2014-2016. He is currently a research fellow at Dana-Farber Cancer Institute/Harvard Medical School, researching in the field of chemical biology and cancer epigenetics.

Dr. Ng has strong interest in understanding diseases at the molecular level with a goal of developing tools to diagnose and treat them. His Ph.D. research focused on the synthesis of a new class of anti-diabetic agents, namely sodium-dependent glucose co-transporter 2 ("SGLT2") inhibitors. His research work has led to the identification of several stable, potent and selective SGLT2 inhibitors that potentially provide an alternative solution for treating diabetes. The central aim of his current research is to uncover the underlying mechanism of epigenetic regulations and to develop novel treatments for cancers and other human diseases.

As an organic/medicinal chemist by training, Dr. Ng is responsible for assessing medicinal chemistry and CMC of our potential drug candidates.

DR. SUNNY WONG HEI

Dr. Sunny Wong has been an Assistant Professor in the Department of Medicine and Therapeutics, and an investigator at the laboratory of the Li Ka Shing Institute of Health Science at CUHK since December 2013. He is also the leader of the Clinical Metagenomics Research Group, with a focus to study the mechanistic role and translational potential of host-microbial interactions in diseases.

Dr. Wong has been a specialist in Gastroenterology and Hepatology since September 2016, and is a Physician-Scientist with expertise in genomics and molecular microbiology. He has published over 60 peer-reviewed journals in international journals, including the New England Journal of Medicine, Nature Genetics, Nature Communications, Gastroenterology and Gut as of December 2017. He has been an investigator in epidemiological studies and clinical trials, and a member of the local clinical research ethics committee since 2016.

Dr. Wong's qualifications include: MBChB(Hons)(CUHK) (June 2006); DPhil (Oxon) (June 2010); MRCP (UK) (February 2012); FHKCP (September 2016); FHKAM (Medicine) (December 2016); FRCP (Edin) (September 2017); FRCPath (February 2018).

As both a basic scientist and Gastroenterologist, Dr. Wong is responsible for assessing pharmacology/animal efficacy and clinical trials of our potential drug candidates, especially candidates for Claves, our project company specializing in modulating microbiota in the gastrointestinal tract for curing various diseases.

Competition

Our industry is highly competitive and subject to rapid and significant change. While we believe that our development and commercialization experience, scientific knowledge and industry relationships provide us with competitive advantages, we face competition from pharmaceutical and biotechnology companies, including specialty pharmaceutical companies, and generic drug companies, academic institutions, government agencies and research institutions.

There are a number of large pharmaceutical and biotechnology companies that currently market and sell drugs or are pursuing the development of drugs and devices for the diagnosis and treatment of diseases for which we are developing products or technology. Moreover, a number of additional drugs are currently in clinical trials and may become competitors if and when they receive regulatory approval.

Many of our competitors have longer operating histories, better name recognition, stronger management capabilities, better supplier relationships, a larger technical staff and sales force and greater financial, technical or marketing resources than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Our commercial opportunity could be reduced or eliminated if our competitors develop or market products or other novel therapies that are more effective, safer or less costly than our current drug candidates, or any future drug candidates we may develop, or obtain regulatory approval for their products more rapidly than we may obtain approval for our current drug candidates or any such future drug candidates. Our success will be based in part on our ability to identify, develop and manage a portfolio of drug and device candidates that are safer and more effective than competing products.

Government Regulation

Government authorities in the United States at the federal, state and local level and in other countries extensively regulate, among other things, the research and clinical development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing, pricing, export and import of drug and device products ("Regulated Products"), such as those we are developing. Generally, before a new Regulated Product can be marketed, considerable data demonstrating its quality, safety and efficacy must be obtained, organized to address the requirements of and in the format specific to each regulatory authority, submitted for review and approved by the regulatory authority. This process is very lengthy and expensive, and success is uncertain.

Regulated Products are also subject to other federal, state and local statutes and regulations in the United States and other countries, as applicable. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable regulatory requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include, among other actions, the regulatory authority's refusal to approve pending applications, withdrawal of an approval, clinical holds, untitled or warning letters, voluntary product recalls or withdrawals from the market, product seizures, total or partial suspension of production or distribution, injunctions, disbarment, fines, refusals of government contracts, restitution, disgorgement, or civil or criminal penalties. Any such administrative or judicial enforcement action could have a material adverse effect on us.

As the Company's principal place of business is in Hong Kong, and because AML Clinic is located there, the Company is subject to various Hong Kong laws and regulation covering its business activities there, described in further detail below. Also, the Company anticipates that, if it obtains marketing approval for any of its drug and device candidates, it intends to focus its marketing and sales efforts primarily in three regions: the United States, Europe and PRC. The regulatory framework for each of these regions is described below.

U.S. Drug Development Process

The process of obtaining regulatory approvals and maintaining compliance with appropriate federal, state and local statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process, or after approval, may subject an applicant to administrative or judicial sanctions or lead to voluntary product recalls. Administrative or judicial sanctions could include the FDA's refusal to approve pending applications, withdrawal of an approval, a clinical hold, untitled or warning letters, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. The process required by the FDA before a drug may be marketed in the United States generally involves the following:

- completion of non-clinical laboratory tests, preclinical studies according to cGLP and manufacturing of clinical supplies according to cGMP;
- submission to the FDA of an IND, which must become effective before human clinical trials may begin;
- approval by an independent IRB, at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials according to cGCP, to establish the safety and efficacy of the proposed product for its intended use;
- preparation and submission to the FDA of an NDA, for a drug;
- satisfactory completion of an FDA advisory committee review, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the product, or components thereof, are produced to assess compliance with cGMP; and
- payment of user fees and the FDA review and approval of the NDA.

Devices are subject to different forms of testing and approval, but (except for certain laboratory-developed diagnostic tests) still require satisfaction of various FDA requirements in order to be brought to market. As of the date of this prospectus, the device candidate currently under development is SLS-1. We do not currently have a commercialization timeline for SLS-1 and cannot assure you that SLS-1 will ever be ready for commercialization.

The testing and approval process requires substantial time, effort and financial resources and we cannot be certain that any approvals for our drug candidates, or any future drug candidates we may develop, will be granted on a timely basis, if at all.

Once a drug candidate is identified for development, it enters the non-clinical testing stage. Non-clinical tests include laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as preclinical studies. An IND sponsor must submit the results of the non-clinical tests, together with manufacturing information, analytical data and any available clinical data or literature, to the FDA as part of the IND prior to commencing any testing in humans. An IND sponsor must also include a protocol detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated if the initial clinical trial lends itself to an efficacy evaluation. Some non-clinical testing may continue even after the IND is submitted. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions related to a proposed clinical trial and places the trial on a clinical hold within that 30-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. Clinical holds also may be imposed by the FDA at any time before or during clinical trials due to safety concerns or non-compliance, and may be imposed on all products within a certain class of products. The FDA also can impose partial clinical holds, for example, prohibiting the initiation of clinical trials for certain duration or for certain doses.

All clinical trials must be conducted under the supervision of one or more qualified investigators in accordance with cGCP regulations. These regulations include the requirement that all research subjects provide informed consent in writing before their participation in any clinical trial. Further, an IRB representing each institution participating in a clinical trial must review and approve the plan for any clinical trial before it commences at that institution, and the IRB must conduct continuing review and reapprove the study at least annually. An IRB is responsible for protecting the rights of clinical trial subjects and considers, among other things, whether the risks to individuals participating in the clinical trial are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the information regarding the clinical trial and the consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed. Each new clinical protocol and any amendments to the protocol must be submitted to the FDA for review, and to the IRBs for approval. Protocol detail, among other things, includes the objectives of the clinical trial, testing procedures, sublease selection and exclusion criteria, and the parameters to be used to monitor subject safety.

Human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

- **Phase 1.** Phase 1 includes the initial introduction of an investigational new drug into humans. These studies are closely monitored and may be conducted in patients, but are usually conducted in healthy volunteer subjects. These studies are designed to determine the metabolic and pharmacologic actions of the drug in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence on effectiveness. During Phase 1, sufficient information about the drug's pharmacokinetics and pharmacological effects should be obtained to permit the design of well-controlled, scientifically valid, Phase 2 studies. Phase 1 studies also evaluate drug metabolism, structure-activity relationships, and the mechanism of action in humans. These studies also determine which investigational drugs are used as research tools to explore biological phenomena or disease processes. The total number of subjects included in Phase 1 studies varies with the drug, but is generally in the range of twenty to eighty.

- **Phase 2.** Phase 2 includes the early controlled clinical studies conducted to obtain some preliminary data on the effectiveness of the drug for a particular indication or indications in patients with the disease or condition. This phase of testing also helps determine the common short-term side effects and risks associated with the drug. Phase 2 studies are typically well-controlled, closely monitored, and conducted in a relatively small number of patients, usually involving several hundred people.

- **Phase 3.** Phase 3 studies are expanded controlled and uncontrolled trials. They are performed after preliminary evidence suggesting effectiveness of the drug has been obtained in Phase 2, and are intended to gather the additional information about effectiveness and safety that is needed to evaluate the overall benefit-risk relationship of the drug. Phase 3 studies are designed to provide an adequate basis for extrapolating the results to the general population and transmitting that information in the physician labeling. Phase 3 studies usually include several hundred to several thousand people.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and safety reports must be submitted to the FDA and clinical investigators within 15 calendar days for serious and unexpected suspected adverse events, any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator's brochure, or any findings from other studies or animal or in vitro testing that suggest a significant risk in humans exposed to the drug candidate. Additionally, a sponsor must notify the FDA of any unexpected fatal or life-threatening suspected adverse reaction no later than 7 calendar days after the sponsor's receipt of the information. There is no assurance that Phase 1, Phase 2 and Phase 3 testing can be completed successfully within any specified period, or at all. The FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the product has been associated with unexpected serious harm to subjects.

Concurrent with clinical trials, companies usually complete additional preclinical studies and must also develop additional information about the chemistry and physical characteristics of the product and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product drug and, among other things, the manufacturer must develop methods for testing the identity, strength, quality and purity of the final product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product drug does not undergo unacceptable deterioration over its shelf life.

The results of product development, non-clinical studies and clinical trials, together with other detailed information regarding the manufacturing process, analytical tests conducted on the product, proposed labeling and other relevant information, are submitted to the FDA as part of an NDA requesting approval to market the new drug. The FDA reviews all NDAs submitted within 60 days of submission to ensure that they are sufficiently complete for substantive review before it accepts them for filing. If the submission is accepted for filing, the FDA begins an in-depth substantive review.

The approval process is lengthy and difficult and the FDA may refuse to approve an NDA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. Even if such data and information are submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval. Data obtained from clinical trials are not always conclusive, and the FDA may interpret data differently than we interpret the same data. The FDA will issue a complete response letter if the agency decides not to approve the NDA in its present form. The complete response letter usually describes all of the specific deficiencies that the FDA identified in the NDA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. If a complete response letter is issued, the applicant may either resubmit the NDA, addressing all of the deficiencies identified in the letter, or withdraw the application or request an opportunity for a hearing.

If after such review a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. Any products for which we receive the FDA approval would be subject to continuing regulation by the FDA, including, among other things, record-keeping requirements, reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, complying with certain electronic records and signature requirements and complying with the FDA promotion and advertising requirements. In addition, the FDA may require post-approval studies, including Phase 4 clinical trials, to further assess a product's safety and effectiveness after NDA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized. The FDA also may conclude that an NDA may only be approved with a Risk Evaluation and Mitigation Strategy designed to mitigate risks through, for example, a medication guide, physician communication plan, or other elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools.

Post-Approval Requirements

Any products for which we receive the FDA approval are subject to continuing regulation by the FDA, including, among other things, record-keeping requirements, reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, complying with certain electronic records and signature requirements and complying with the FDA promotion and advertising requirements. The FDA strictly regulates labeling, advertising, promotion and other types of information on products that are placed on the market. Products may be promoted only for the approved indications and in accordance with the provisions of the approved label. Further, manufacturers must continue to comply with cGMP requirements, which are extensive and require considerable time, resources and ongoing investment to ensure compliance. In addition, changes to the manufacturing process generally require prior the FDA approval before being implemented and other types of changes to the approved product, such as adding new indications and additional labeling claims, are also subject to further the FDA review and approval.

The FDA may withdraw a product approval if compliance with regulatory requirements is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product may result in restrictions on the product's marketing or even complete withdrawal of the product from the market. Further, the failure to maintain compliance with regulatory requirements may result in administrative or judicial actions, such as fines, untitled or warning letters, holds on clinical trials, product seizures, product detention or refusal to permit the import or export of products, refusal to approve pending applications or supplements, restrictions on marketing or manufacturing, injunctions or consent decrees, or civil or criminal penalties, or may lead to voluntary product recalls.

Patent Term Restoration and Marketing Exclusivity

Because drug approval can take an extended period of time, there may be limited remaining life for the patents covering the approved drug, meaning that the company has limited time to use the patents to protect the sponsor's exclusive rights to make, use and sell that drug. In such a case, U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Act. The Hatch-Waxman Act permits a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date.

In addition, the FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to gain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application ("ANDA") or a 505(b)(2) NDA submitted by another company for another version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval.

In the future, if appropriate, we intend to apply for restorations of patent term and/or marketing exclusivity for some of our products; however, there can be no assurance that any such extension or exclusivity will be granted to us.

Disclosure of Clinical Trial Information

Sponsors of clinical trials of the FDA-regulated products, including drugs are required to register and disclose certain clinical trial information, which is publicly available at www.clinicaltrials.gov. Information related to the product, patient population, phase of investigation, study sites and investigators, and other aspects of the clinical trial is then made public as part of the registration. Sponsors are also obligated to disclose the results of their clinical trials after completion. Disclosure of the results of these trials can be delayed until the new product or new indication being studied has been approved. Competitors may use this publicly available information to gain knowledge regarding the progress of development programs.

Pharmaceutical Coverage, Pricing and Reimbursement

Much of the revenue generated by new Regulated Products depends on the willingness of third-party payors to reimburse the price of the product. Significant uncertainty exists as to the coverage and reimbursement status of any products for which we may obtain regulatory approval. In the United States, sales of any products for which we may receive regulatory approval for commercial sale will depend in part on the availability of coverage and reimbursement from third-party payors. Third-party payors include government authorities, managed care providers, private health insurers and other organizations. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the reimbursement rate that the payor will pay for the product. Third-party payors may limit coverage to specific products on an approved list, or formulary, which is not required to include all of the FDA-approved products for a particular indication. Moreover, a payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development.

Third-party payors are increasingly challenging the price and examining the medical necessity and cost- effectiveness of medical products and services, in addition to their safety and efficacy. To obtain coverage and reimbursement for any product that might be approved for sale, we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of any products, in addition to the costs required to obtain regulatory approvals. Our product candidates may not be considered medically necessary or cost-effective. If third-party payors do not consider a product to be cost-effective compared to other available therapies, they may not cover the product after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow a company to sell its products at a profit.

The U.S. government and state legislatures have shown significant interest in implementing cost containment programs to limit the growth of government-paid health care costs, including price controls, restrictions on reimbursement and requirements for substitution of generic products for branded prescription drugs. Adoption of government controls and measures, and tightening of restrictive policies in jurisdictions with existing controls and measures, could limit payments for pharmaceuticals.

Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future. Unfavorable coverage or reimbursement policies regarding any of the Company's products would have a material adverse impact on the value of that product.

Other Healthcare Laws and Compliance Requirements

If we obtain regulatory approval of our products, we may be subject to various federal and state laws targeting fraud and abuse in the healthcare industry. These laws may impact, among other things, our proposed sales, marketing and education programs. In addition, we may be subject to patient privacy regulation by both the federal government and the states in which we conduct our business.

Patient Protection and the Affordable Care Act

The Affordable Care Act, enacted in March 2010, includes measures that have or will significantly change the way health care is financed in the United States by both governmental and private insurers. Among the provisions of the Affordable Care Act of greatest importance to the pharmaceutical industry are the following:

- The Medicaid Drug Rebate Program requires pharmaceutical manufacturers to enter into and have in effect a national rebate agreement with the Secretary of the Department of Health and Human Services as a condition for states to receive federal matching funds for the manufacturer's outpatient drugs furnished to Medicaid patients. The Affordable Care Act increased pharmaceutical manufacturers' rebate liability on most branded prescription drugs from 15.1% of the average manufacturer price to 23.1% of the average manufacturer price, added a new rebate calculation for line extensions of solid oral dosage forms of branded products, and modified the statutory definition of average manufacturer price. The Affordable Care Act also expanded the universe of Medicaid utilization subject to drug rebates by requiring pharmaceutical manufacturers to pay rebates on Medicaid managed care utilization and expanding the population potentially eligible for Medicaid drug benefits.

- In order for a pharmaceutical product to receive federal reimbursement under the Medicare Part B and Medicaid programs or to be sold directly to U.S. government agencies, the manufacturer must extend discounts to entities eligible to participate in the 340B drug pricing program. The Affordable Care Act expanded the types of entities eligible to receive discounted 340B pricing.

- The Affordable Care Act imposed a requirement on manufacturers of branded drugs to provide a 50% discount off the negotiated price of branded drugs dispensed to Medicare Part D patients in the coverage gap (i.e., the "donut hole").

- The Affordable Care Act imposed an annual, non-deductible fee on any entity that manufactures or imports certain branded prescription drugs, apportioned among these entities according to their market share in certain government healthcare programs, although this fee does not apply to sales of certain products approved exclusively for orphan indications.

In addition to these provisions, the Affordable Care Act established a number of bodies whose work may have a future impact on the market for certain pharmaceutical products. These include the Patient-Centered Outcomes Research Institute, established to oversee, identify priorities in, and conduct comparative clinical effectiveness research, the Independent Payment Advisory Board, which has authority to recommend certain changes to the Medicare program to reduce expenditures by the program, and the Center for Medicare and Medicaid Innovation within the Centers for Medicare and Medicaid Services, to test innovative payment and service delivery models to lower Medicare and Medicaid spending.

These and other laws may result in additional reductions in healthcare funding, which could have a material adverse effect on customers for our product candidates, if we gain approval for any of them. Although we cannot predict the full effect on our business of the implementation of existing legislation or the enactment of additional legislation pursuant to healthcare and other legislative reform, we believe that legislation or regulations that would reduce reimbursement for, or restrict coverage of, our products could adversely affect how much or under what circumstances healthcare providers will use our product candidates if we gain approval for any of them.

U.S. Medical Device Regulatory Approval Process

Medical Devices are subject to different forms of testing and approval, and require satisfaction of various FDA requirements including the Food, Drug and Cosmetic Act (FDCA) in order to be brought to market.

The two primary types of FDA marketing authorization applicable to a medical device are premarket notification, also called 510(k) clearance, and premarket approval. The type of marketing authorization is generally linked to the classification of the device. The FDA classifies medical devices into one of three classes — Class I, Class II or Class III — based on the degree of risk the FDA determines to be associated with a device and the level of regulatory control deemed necessary to ensure the device's safety and effectiveness. Devices requiring fewer controls because they are deemed to pose lower risk are placed in Class I or II. Class I devices are deemed to pose the least risk and are subject only to general controls applicable to all devices, such as requirements for device labeling, premarket notification, and adherence to the FDA's Good Manufacturing Practices. Class II devices are intermediate risk devices that are subject to general controls and may also be subject to special controls such as performance standards, product-specific guidance documents, special labeling requirements, patient registries, or post-market surveillance. Class III devices are those for which insufficient information exists to assure safety and effectiveness solely through general controls or if the device is a life-sustaining, life-supporting or a device of substantial importance in preventing impairment of human health, or which presents a potential, unreasonable risk of illness or injury and special controls are not adequate to assure safety and effectiveness.

Most Class I devices and some Class II devices are exempted by regulation from the 510(k) clearance requirement and can be marketed without prior authorization from the FDA. Most Class II devices (and certain Class I devices that are not exempt) are eligible for marketing through the 510(k) clearance pathway. By contrast, devices placed in Class III generally require premarket approval or 510(k) de novo clearance prior to commercial marketing. The premarket approval process is more stringent, time-consuming, and expensive than the 510(k) clearance process. However, the 510(k) clearance process has also become increasingly stringent and expensive.

510(k) Clearance Pathway. When a 510(k) clearance is required, a premarket notification must be submitted to the FDA demonstrating that a proposed device is "substantially equivalent" to a previously cleared and legally marketed 510(k) device or a device that was in commercial distribution before May 28, 1976 for which the FDA has not yet called for the submission of a premarket approval application, which is commonly known as the "predicate device." A device is substantially equivalent if, with respect to the predicate device, it has the same intended use and has either (i) the same technological characteristics or (ii) different technological characteristics and the information submitted demonstrates that the device is as safe and effective as a legally marked device and does not raise different questions of safety or effectiveness. By law, the FDA is required to clear or deny a 510(k) premarket notification within 90 days of submission of the application. As a practical matter, clearance often takes significantly longer. The FDA may require further information, including clinical data, to make a determination regarding substantial equivalence. If the FDA determines that the device, or its intended use, is not substantially equivalent to a previously-cleared device or use, the FDA will issue a not substantially equivalent decision. This means the device cannot be cleared through the 510k process and will require marketing authorization through the premarket approval pathway.

Premarket Approval Pathway. A premarket approval application must be submitted to the FDA if the device cannot be cleared through the 510(k) process. The premarket approval application process is much more demanding than the 510(k) premarket notification process and requires the payment of significant user fees. A premarket approval application must be supported by valid scientific evidence, which typically requires extensive data, including but not limited to technical, preclinical, clinical trials, manufacturing and labeling to demonstrate to the FDA's satisfaction reasonable evidence of safety and effectiveness of the device. The FDA has 45 days from its receipt of a premarket approval application to determine whether the application will be accepted for filing based on the FDA's threshold determination that it is sufficiently complete to permit substantive review. After the FDA determines that the application is sufficiently complete to permit a substantive review, the FDA will accept the application and begin its in-depth review. The FDA has 180 days to review an "accepted" premarket approval application, although this process typically takes significantly longer and may require several years to complete. During this review period, the FDA may request additional information or clarification of the information already provided. Also, an advisory panel of experts from outside the FDA may be convened to review and evaluate the application and provide recommendations to the FDA as to the approvability of the device. In addition, the FDA will conduct a preapproval inspection of the manufacturing facility to ensure compliance with quality system regulations. The FDA may delay, limit or deny approval of a premarket approval application for many reasons, including:

- failure of the applicant to demonstrate that there is reasonable assurance that the medical device is safe or effective under the conditions of use prescribed, recommended or suggested in the proposed labeling;

- insufficient data from the preclinical studies and clinical trials;

- the manufacturing processes, methods, controls or facilities used for the manufacture, processing, packing or installation of the device do not meet applicable requirements. If the FDA evaluations of both the premarket approval application and the manufacturing facilities are favorable, the FDA will either issue an approval order or an approvable letter, which usually contains a number of conditions that must be met in order to secure final approval of the premarket approval application. If the FDA's evaluation of the premarket approval application or manufacturing facilities is not favorable, the FDA will deny approval of the premarket approval application or issue a not approvable letter. A not approvable letter will outline the deficiencies in the application and, where practical, will identify what is necessary to make the premarket approval application. The FDA may also determine that additional clinical trials are necessary, in which case the premarket approval application may be delayed for several months or years while the trials are conducted and then the data submitted in an amendment to the premarket approval application. Once granted, a premarket approval application may be withdrawn by the FDA if compliance with post approval requirements, conditions of approval or other regulatory standards is not maintained or problems are identified following initial marketing.

Clinical Trials. Clinical trials are almost always required to support premarket approval and are sometimes required for 510(k) clearance. In the United States, these trials generally require submission of an application for an Investigational Device Exemption, or IDE, to the FDA. The IDE application must be supported by appropriate data, such as animal and laboratory testing results, showing it is safe to test the device in humans and that the testing protocol is scientifically sound. The FDA must approve the IDE in advance of trials for a specific number of patients unless the product is deemed a non-significant risk device eligible for more abbreviated IDE requirements or the clinical investigation is exempt from the IDE regulations. Clinical trials for significant risk devices may not begin until the IDE application is approved by the FDA and the appropriate institutional review boards, or IRBs, at the clinical trial sites. The applicant, the FDA or the IRB at each site at which a clinical trial is being performed may suspend a clinical trial at any time for various reasons, including a belief that the risks to study subjects outweigh the benefits. Even if a trial is completed, the results of clinical testing may not demonstrate the safety and efficacy of the device, may be equivocal or may otherwise not be sufficient to obtain approval or clearance of the product.

Both the 510(k) and premarket approval processes can be expensive and lengthy and require the payment of significant fees, unless an exemption applies. The FDA's 510(k) clearance process usually takes from approximately three to 12 months, but may take longer. The process of obtaining a premarket approval is much more costly and uncertain than the 510(k) clearance process and generally takes from approximately one to five years, or longer, from the time the application is submitted to the FDA until an approval is obtained. The process of obtaining regulatory clearances or approvals to market a medical device can be costly and time consuming, and the applicant may not be able to obtain these clearances or approvals on a timely basis, if at all.

As of the date of this prospectus, our sole device candidate currently under development is SLS-1, which is a cardiovascular robotic surgical catheter conventionally classified as a cardiovascular steerable catheter. We do not currently have a commercialization timeline for SLS-1 and cannot assure you that SLS-1 will ever be ready for commercialization. If we are ready to seek regulatory approval for the SLS-1 device in the U.S., we expect that the FDA will classify it as a Class II non-exempted device requiring premarket clearance under Section 510(k) of the FDCA. If our device cannot clear through the 510(k) process, we will need to obtain marketing authorization through the premarket approval pathway, which will be more costly, lengthy and uncertain.

European Union Regulation

Regulation in the European Union

The process governing approval of medicinal products in the EU generally follows the same lines as in the United States. It entails satisfactory completion of pharmaceutical development, non-clinical studies and adequate and well-controlled clinical trials to establish the safety and efficacy of the medicinal product for each proposed indication. It also requires the submission to relevant competent authorities for clinical trials authorization and to the European Medicines Authority, or EMA, for a marketing authorization application, or MAA, and granting of a marketing authorization by these authorities before the product can be marketed and sold in the EU.

Clinical Trial Approval

Pursuant to the currently applicable Clinical Trials Directive 2001/20/EC and the Directive 2005/28/EC on cGCP, a system for the approval of clinical trials in the EU (the equivalent of the IND process in the United States) has been implemented through national legislation of the EU member states. Under this system, an applicant must obtain approval from the competent national authority of an EU member state in which the clinical trial is to be conducted or in multiple EU member states if the clinical trial is to be conducted in a number of EU member states. Furthermore, the applicant may only start a clinical trial at a specific study site after the independent ethics committee has issued a favorable opinion. The clinical trial application, or CTA, must be accompanied by an investigational medicinal product dossier with supporting information prescribed by Directive 2001/20/EC and Directive 2005/28/EC and corresponding national laws of the EU member states and further detailed in applicable guidance documents.

In April 2014, the EU adopted a new Clinical Trials Regulation (EU) No 536/2014, which is set to replace the current Clinical Trials Directive 2001/20/EC. It is expected that the new Clinical Trials Regulation will apply in 2019. It will overhaul the current system of approvals for clinical trials in the EU. Specifically, the new regulation, which will be directly applicable in all EU member states, aims at simplifying and streamlining the approval of clinical trials in the EU. For instance, the new Clinical Trials Regulation provides for a streamlined application procedure using a single entry point and strictly defined deadlines for the assessment of clinical trial applications.

Marketing Authorization

To obtain a marketing authorization for a product under the EU regulatory system (the equivalent of the NDA process in the United States), an applicant must submit an MAA, either under a centralized procedure administered by the EMA or one of the procedures administered by competent authorities in EU member states (decentralized procedure, national procedure, or mutual recognition procedure). A marketing authorization may be granted only to an applicant established in the EU. Regulation (EC) No. 1901/2006 provides that prior to obtaining a marketing authorization in the EU, an applicant must demonstrate compliance with all measures included in an EMA-approved Pediatric Investigation Plan, or PIP, covering all subsets of the pediatric population, unless the EMA has granted a product-specific waiver, class waiver, or a deferral for one or more of the measures included in the PIP.

The centralized procedure provides for the grant of a single marketing authorization by the European Commission that is valid for all EU member states. Pursuant to Regulation (EC) No. 726/2004, the centralized procedure is compulsory for specific products, including for medicines produced by certain biotechnological processes, products designated as orphan medicinal products, advanced therapy products and products with a new active substance indicated for the treatment of certain diseases, including products for the treatment of cancer. For products with a new active substance indicated for the treatment of other diseases and products that are highly innovative or for which a centralized process is in the interest of patients, the centralized procedure may be optional.

Under the centralized procedure, the Committee for Medicinal Products for Human Use, or the CHMP, established by the EMA is responsible for conducting the assessment of a product to define its risk/benefit profile. Under the centralized procedure, the maximum timeframe for the evaluation of an MAA is 210 days, excluding clock stops when additional information or written or oral explanation is to be provided by the applicant in response to questions of the CHMP. Accelerated evaluation may be granted by the CHMP in exceptional cases, when a medicinal product is of major interest from the point of view of public health and, in particular, from the viewpoint of therapeutic innovation.

If the CHMP accepts such a request, the time limit of 210 days will be reduced to 150 days, but it is possible that the CHMP may revert to the standard time limit for the centralized procedure if it determines that it is no longer appropriate to conduct an accelerated assessment.

Periods of Authorization and Renewals

A marketing authorization is valid for five years, in principle, and it may be renewed after five years on the basis of a reevaluation of the risk benefit balance by the EMA or by the competent authority of the authorizing Member State. To that end, the marketing authorization holder must provide the EMA or the competent authority with a consolidated version of the file in respect of quality, safety and efficacy, including all variations introduced since the marketing authorization was granted, at least six months before the marketing authorization ceases to be valid. Once renewed, the marketing authorization is valid for an unlimited period, unless the European Commission or the competent authority decides, on justified grounds relating to pharmacovigilance, to proceed with one additional five-year renewal period. Any authorization that is not followed by the placement of the drug on the EU market (in the case of the centralized procedure) or on the market of the authorizing Member State within three years after authorization ceases to be valid.

Regulatory Requirements after Marketing Authorization

Following approval, the holder of the marketing authorization is required to comply with a range of requirements applicable to the manufacturing, marketing, promotion and sale of the medicinal product. These include compliance with the EU's stringent pharmacovigilance or safety reporting rules, pursuant to which post-authorization studies and additional monitoring obligations can be imposed. In addition, the manufacturing of authorized products, for which a separate manufacturer's license is mandatory, must also be conducted in strict compliance with the EMA's cGMP requirements and comparable requirements of other regulatory bodies in the EU, which mandate the methods, facilities and controls used in manufacturing, processing and packing of drugs to assure their safety and identity. Finally, the marketing and promotion of authorized products, including industry-sponsored continuing medical education and advertising directed toward the prescribers of drugs and/or the general public, are strictly regulated in the EU under Directive 2001/83EC, as amended.

Orphan Drug Designation and Exclusivity

Regulation (EC) No. 141/2000 and Regulation (EC) No. 847/2000 provide that a product can be designated as an orphan drug by the European Commission if its sponsor can establish: that the product is intended for the diagnosis, prevention or treatment of (1) a life-threatening or chronically debilitating condition affecting not more than five in ten thousand persons in the EU when the application is made, or (2) a life-threatening, seriously debilitating or serious and chronic condition in the EU and that without incentives it is unlikely that the marketing of the drug in the EU would generate sufficient return to justify the necessary investment. For either of these conditions, the applicant must demonstrate that there exists no satisfactory method of diagnosis, prevention, or treatment of the condition in question that has been authorized in the EU or, if such method exists, the drug has to be of significant benefit compared to products available for the condition.

An orphan drug designation provides a number of benefits, including fee reductions, regulatory assistance and the possibility to apply for a centralized EU marketing authorization. Marketing authorization for an orphan drug leads to a ten-year period of market exclusivity. During this market exclusivity period, neither the EMA nor the European Commission or the EU member states can accept an application or grant a marketing authorization for a "similar medicinal product." A "similar medicinal product" is defined as a medicinal product containing a similar active substance or substances as contained in an authorized orphan medicinal product, and which is intended for the same therapeutic indication. The market exclusivity period for the authorized therapeutic indication may, however, be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for orphan drug designation because, for example, the product is sufficiently profitable not to justify market exclusivity.

As in the United States, there is a separate regulatory framework for approval of medical devices. If the Company determines to commercialize SLS-1 or another medical device, it will become subject to all of the requirements for approval required by those regulations.

PRC Regulation

In order to protect our potential market in the PRC, we have obtained an exclusive license of certain PRC patents directed to certain of the drug candidates that we are developing and are currently seeking approval of additional patent and other IP filings in the PRC. We do not otherwise conduct business in the PRC. Seeking IP approval in the PRC subjects us to some of the rules and practices of the PRC government. Since the Company intends eventually to market its products in the PRC, at least some of our drug candidates may become subject to regulatory approval and marketing authorization in the PRC.

Hong Kong Regulation

The operations of AML Clinic in Hong Kong are subject to certain general laws and regulations in relation to clinic medical professionals, trade description and safety of consumer goods, medical advertisement and importation, exportation, dealing in and sale of pharmaceutical products and drugs.

Medical Clinics Ordinance

The Medical Clinics Ordinance provides for the registration, control and inspection of medical clinics. It requires a medical clinic to be registered, with name and address and other prescribed particulars. "Medical clinic" means any premises used or intended to be used for the medical diagnosis or treatment of persons suffering from, or believed to be suffering from, any disease, injury or disability of mind or body, with specific exceptions, including private consulting rooms used exclusively by registered medical practitioners in the course of their practice on their own account and not bearing any title or description which includes the word "clinic" or "polyclinic" in the English language.

The application of registration may be refused if:

(i) the income derived or to be derived from the establishment or operation of the clinic is not, or will not be, applied solely towards the promotion of the objects of the clinic; or

(ii) any portion of such income, except payment of remuneration to employed registered medical practitioners, nurses and menial servants, will be paid by way of dividend, bonus or otherwise howsoever by way of profit to the applicant himself, or to any persons properly so employed, or to any other persons howsoever.

We do not believe that the Medical Clinic Ordinance is applicable to the business of our Group, having considered, among others, the following:

(iii) the legislative intent behind the Medical Clinics Ordinance was to provide for registration of non-profit making clinics;

(iv) the Food and Health Bureau of Hong Kong published a consultation document, "Regulation of Private Healthcare Facilities" in 2014 which specifically states that the Medical Clinics Ordinance and the Code of Practice For Clinics Registered Under The Medical Clinics Ordinance (Chapter 343 of the Laws of Hong Kong) set out the regulatory framework for non-profit-making medical clinics and that other private healthcare facilities, such as ambulatory medical centers and clinics operated by medical groups or individual medical practitioners, are not subject to direct statutory control beyond the regulation of an individual's professional practice; and

(v) our business is one which makes and intends to continue making profit as a listed entity. The payment of bonuses to some of our Hong Kong Doctors is clearly a reflection of the profit-making nature of our business.

Hence, we do not believe that AML Clinic is required to be registered under the Medical Clinics Ordinance.

Waste Disposal Ordinance

The Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) ("WDO") and the Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong) (the "WDR") provide for, among others, the control and regulation of the production, storage, collection and disposal of clinical waste.

Under the WDO, clinical waste means waste consisting of any substance, matter or thing generated in connection with:

- a dental, medical, nursing or veterinary practice;
- any other practice, or establishment (howsoever described), that provides medical care and services for the sick, injured, infirm or those who require medical treatment;
- dental, medical, nursing, veterinary, pathological or pharmaceutical research; or
- a dental, medical, veterinary or pathological laboratory practice,

and which consists wholly or partly of any of the materials specified in one or more of the groups listed below:

- used or contaminated sharps;
- laboratory waste;
- human and animal tissues;
- infectious materials;
- dressings; and
- such other wastes as specified by the Director of the Environmental Protection Department ("EPD") of Hong Kong.

Given the medical services provided by AML Clinic and the research works in our R&D Center may produce used or contaminated sharps such as syringes and needles as well as dressings, we are subject to WDO, WDR and the Code of Practice.

Rest of the World Regulation

For other countries in the world, the requirements governing the conduct of clinical trials, medical product licensing, pricing and reimbursement vary from country to country. In all cases if clinical trials are required, they must be conducted in accordance with cGCP requirements and the applicable regulatory requirements and the ethical principles having their origin in the Declaration of Helsinki.

If we fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Employees

As of the date of this prospectus, we have 44 employees, including 43 full-time employees and 1 part-time employees. Of these, 15 are engaged in full-time research and development and laboratory operations, 23 are engaged in general and administrative functions, 5 are full-time employees engaged in the clinic operation and 1 part-time employees are engaged in sponsored research and development, laboratory operations and legal clerical support. As of the date of this prospectus, 43 of our employees are located in Hong Kong and 1 of our employees is located in the UK. In addition, we have engaged and may continue to engage 28 independent contracted consultants and advisors to assist us with our operations. None of our employees are represented by a labor union or covered by a collective bargaining agreement. We have never experienced any employment related work stoppages, and we consider our relations with our employees to be good.

Facilities

We have several operating leases, primarily for offices. Our principal executive offices are located in Hong Kong; we also have offices in London and Jersey City.

Our facilities in Hong Kong consists of: (i) 638 square foot lab space under a lease that commenced in December 2017 and expires in December 2020, that carries a monthly rent of $2,127 and which is used for the center run by APD (the "R&D Center"); (ii) 851 square foot office space under a lease that commenced in December 2017 and expires in December 2020 that carries a monthly rent of $2,509, which is also used for the center run by APD (the "HKSTP Office Space"); (iii) 3,250 square foot office space under a lease that commenced in February 2018 and expires in January 2021 and that carries a monthly rent of $16,667 (the "Guangdong Investment Tower Lease") (See "Transactions with Related Persons – Leased Facilities"); (iv) 3,173 square foot space under a lease that commenced in March 2018 and expires in March 2022 (the "AML Lease", which is home to AML Clinic); and (v) 3,424 square foot space in Fo Tan which is self-owned for developing into a laboratory.

Pursuant to the lease agreement for the R&D Center, we are also obligated to pay $1,090 per month as service charges (this is an increase, as of April 2018, from $1,058 per month with one month notice from landlord in accordance with the lease).

Pursuant to the lease agreement for the HKSTP Office Space, we are also obligated to pay $666 per month as service charges (this is an increase, as of April 2018, from $633 per month with one month notice from landlord in accordance to the lease).

Pursuant to the lease agreement for AML Lease, it carries a monthly rent of approximately $29,500 for the first year; the monthly rent increases each year thereafter by about $810 per month. We must also pay a monthly management fee and air conditioning fee of about $3,370 per month under the AML Lease. Pursuant to the terms of the AML Lease, if we fail to pay any sums that are due thereunder, we shall incur interest at the rate of 2% per calendar month until full payment is made of all owed sums. The landlord maintains the right to terminate the AML Lease with no less than six months' notice if the landlord enters into a contract to sell the building of which the property we rented forms a part or determines to redevelop or renovate the building. The AML Lease is guaranteed by Clark Cheng, our Chief Medical Officer and one of our Executive Directors, who is also an executive director of AML.

Our office space in London consists of approximately 111 square feet under a lease that commenced in April 2018, expires in September 2018 and has a rent of $2,814 per month. This lease was renewed in September 2018 and expires in March 2019 and has a rent of $2,862 per month. Our office space in Jersey City, New Jersey consists of approximately 81 square feet under a lease that commenced in April 2018 and expires in October 2019 and has a rent of $1,466 per month.

Payments under operating leases are expensed on a straight-line basis over the periods of the respective leases, and the terms of the leases do not contain rent escalation, contingent rent, and renewal or purchase options.

We believe our current facilities are sufficient to meet our needs.

Legal Proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

MANAGEMENT

Directors and Executive Officers

Below is a list of our directors and executive officers, as of the date of this prospectus, and a brief account of the business experience of each of them. The business address for the directors and officers of Aptorum Group Limited is 17th floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.

Name	Age	Position
Executive Officers		
Ian Huen	38	Founder, Chief Executive Officer and Executive Director
Darren Lui	37	President, Chief Business Officer and Executive Director
Clark Cheng	38	Chief Medical Officer and Executive Director
Keith Chan	72	Chief Scientific Officer
Sabrina Khan	37	Chief Financial Officer
Non-Management Directors		
Charles Bathurst	63	Independent Non-Executive Director and Chair of Audit Committee
Mirko Scherer	50	Independent Non-Executive Director
Justin Wu	49	Independent Non-Executive Director and Chair of Compensation Committee
Douglas Arner	49	Independent Non-Executive Director and Chair of Nominating and Corporate Governance Committee

Executive Officers

MR. IAN HUEN, Founder, Chief Executive Officer and Executive Director

Mr. Ian Huen is the Founder, Chief Executive Officer and Executive Director of Aptorum Group Limited. Mr. Huen is also the Executive Director and Co-Founder of a Hong Kong company, AENEAS CAPITAL LIMITED, a licensed corporation regulated by the Hong Kong Securities & Futures Commission as a Type 9 Asset Manager, since 2005. He has over 15 years of global asset management experience and previously covered the U.S. healthcare sector as an equity research analyst at Janus Henderson Group plc (formerly known as Janus Capital). Mr. Huen was the financial advisor in the sale of Seng Heng Bank Limited (Macau) to Industrial and Commercial Bank of China in 2007 and was appointed as the vice president of the Board of General Meeting in Industrial and Commercial Bank of China (Macau) Limited in March 2007 for a term of 12 years until March 2019.

As a trustee board member of the Dr. Stanley Ho Medical Development Foundation, Mr. Huen facilitates advisory, development funding, access to research resources across Asia and continues to establish relationships with leading academic institutions to propel innovations in healthcare.

Mr. Huen graduated from Princeton University with an A.B. degree in Economics in June 2001, earned a MA in Comparative and Public History from CUHK in June 2016. Mr. Huen is also a Chartered Financial Analyst (“CFA”).

MR. DARREN LUI, **President, Chief Business Officer and Executive Director**

Mr. Darren Lui is the President, Chief Business Officer and Executive Director of Aptorum Group Limited. Mr. Lui is also an Executive Director and Co-Founder of AENEAS CAPITAL LIMITED, a licensed corporation regulated by the Hong Kong Securities & Futures Commission as a Type 9 Asset Manager.

Mr. Lui was previously the founder, director and responsible officer of Varengold Capital Securities Limited and Varengold Capital Asset Management Limited in Hong Kong, with subsidiaries operating brokerage, asset management, and investment businesses in Asia established since January 2015.

Prior to this, he was a Director within the Fixed Income Group of Barclays Capital, where he spent over nine years from September 2005 to February 2014 developing and establishing their London, Singapore and New York structuring teams. From September 2002 to August 2005 he was qualified as a Chartered Accountant with Ernst & Young LLP (London), specializing in capital markets advisory.

Mr. Lui graduated with First-Class Honors from Imperial College, London with a BSc degree in Biochemistry in June 2002. He is a Chartered Accountant (ICAS), a CFA, and an Associate of Chartered Institute of Securities & Investments (UK).

DR. CLARK CHENG, Chief Medical Officer and Executive Director, Aptorum Group Limited
Executive Director, Aptorum Medical Limited

Dr. Clark Cheng is the Chief Medical Officer and Executive Director of Aptorum Group Limited; he is also an executive director of AML (See “Our Business — Facilities” regarding the AML Lease). Prior to this appointment, Dr. Cheng served as the Operations Director since 2009 of Raffles Medical Group, and the company’s Deputy General Manager since 2011, representing an expanded role in the region. During his employment with Raffles Medical Group, he practiced as a full-time medical administrator to overlook Raffles Medical Hong Kong operations and supported its development in the PRC.

Dr. Cheng received his medical training at the University College London, UK, in 2005 and completed his foundation year training at The Royal Free Hospital in 2007. Pursuing his career in surgery, he obtained his membership of the Royal College of Surgeons of Edinburgh in 2009 and commenced his training in Orthopaedics where he practiced as Specialist Registrar at the National University Hospital, Singapore, with special interest in Traumatology of the lower limbs. In 2011, he also obtained his Master in Business & Administration with distinction from Tippie College of Business, University of Iowa, US.

Dr. Cheng is an active member of the Singapore Chamber of Commerce, and appears regularly as a guest speaker for The Open University of Hong Kong, The Airport Authority Hong Kong and other corporate events.

DR. KEITH CHAN, Chief Scientific Officer

Dr. Keith Chan is the Chief Scientific Officer of Aptorum Group Limited. Dr. Chan assists the Group with strategizing its clinical programs and approaches with the FDA and CFDA. The appointment of Dr. Chan is through a Consultancy Agreement by and between the Company and GloboAsia LLC, a firm based in Rockville, Maryland ("GloboAsia"), where Dr. Chan serves as Director of International Affairs, on the basis of at least one working day per week for the Group.

Dr. Chan is currently a Senior Advisor of Cornerstone Intellectual Property Foundation in Taiwan. He is also serving as an adjunct professor at the Graduate Institute of Intellectual Property, College of Commerce, National Chengchi University and adjunct professor and advisor at the Research Center for Drug Discovery, National Yang Ming University in Taipei, Taiwan.

Dr. Chan co-founded GloboMax LLC, a drug development organization, in Hanover, Maryland, in July 1997, and served as a consultant for numerous multi-national pharmaceutical and biotech firms in the U.S, Europe and Asia. GloboMax LLC was acquired by ICON, plc. in August 2003, and Dr. Chan exited the operation. Prior to that, he joined the FDA in 1995 as a Director of Division of Bioequivalence, Office of Generic Drugs, responsible for managing and approval of generic drugs in the States. Dr. Chan had worked for Ciba-Geigy Corporation in Ardsley, New York, for 15 years, and held various senior and management positions. Dr. Chan also has extensive experience in new and generic drug development in executing preclinical animal studies, bioassay development, Phases I to VI Pharmacokinetics, pharmacodynamics, bioavailability, bioequivalence studies, outside contract, regulatory submission, advanced drug delivery systems, and all phases of new drug development. In addition, he has served as Professor/adjunct Professor at the School of Pharmacy, University of Maryland at Baltimore during 1996-2009 and also as Adjunct Professor and National Board of Advisor, College of Pharmacy, University of Minnesota during 1984 - 2006. He has published more than 150 abstracts and research articles in peer-reviewed journals and delivered over 200 professional presentations. He was elected as Fellow of the American Association of Pharmaceutical Scientists ("AAPS") in 1995 for his scientific accomplishments on drug absorption in humans.

Although much of his career was based in the United States, Dr. Chan has been assisting Asian pharmaceutical and biotech companies for over 14 years. He has organized numerous workshops and conferences in the PRC, Taiwan, Hong Kong, Singapore and Korea. He lectures frequently in Asia and serves as a scientific advisor for many regulatory agencies in Asia. Over the last several years, he has successfully assisted many Asian companies in their technology transfers and licensing deals to and from the U.S., as well as with numerous regulatory submissions to the FDA.

Dr. Chan obtained his Ph.D. degree in Pharmaceutics from the University of Minnesota in January 1980.

MISS SABRINA KHAN, Chief Financial Officer

Miss Sabrina Khan is the Chief Financial Officer of Aptorum Group Limited. She leads the Company's financial strategy and operations, as well as Investor Relations. She has extensive experience working at KPMG (Hong Kong) and Ernst & Young LLP (Hong Kong). She was recently the regional financial controller in Asia for St. James's Place Wealth Management (Hong Kong), which St. James's Place Wealth Management Group (LON: STJ) is a FTSE100 company with £89.9 billion of client funds under management. Prior to that, she served as the senior finance manager of Neo Derm Group, a leading medical aesthetic group in Asia, in charge of its finance-related matters and expansion in the PRC. From August 2009 to May 2013, she served as the senior finance manager of Global Cord Blood Corporation (formerly known as China Cord Blood Corporation (NYSE: CO)), which was a subsidiary of Golden Meditech Holdings Limited (HK: 801), where she played an important role with the NYSE listing filings, investor relations and post IPO reporting. During her employment with Global Cord Blood Corporation, she was actively involved in the issuance of convertible bonds to Kohlberg Kravis Roberts and various merger and acquisition projects, facilitated and liaised with investment banks on due diligence, deal structuring, and also involved in commercial negotiation with respect to major contract terms.

Miss Khan qualified as certified public accountant and graduated with a BBA (Hons) in Accounting & Finance at The University of Hong Kong in 2003. She was qualified as an Advanced China Certified Taxation Consultant in 2015.

Independent Non-Executive Directors

MR. CHARLES BATHURST

Mr. Bathurst is an Independent Non-Executive Director of Aptorum Group Limited. He has over 40 years' experience of management and senior executive roles primarily in financial services. In 2011, he set up his own independent consultancy service, Summerhill Advisors Limited, advising on management structure, business development, financial reporting, internal audit controls and compliance to both emerging and multinational companies. Today he holds Non-Executive and Advisory board positions on fast-growing companies in healthcare, technology and financial services.

Prior to establishing Summerhill, he served as a Director for J.O. Hambro Investment Management from September 2008 to August 2011, where he oversaw the restructuring and commercialization a range of in-house investment funds. He was appointed to the management board and supervised reporting teams including Business development, accounting teams, regulatory reporting teams and internal controls.

From April 2004 to March 2008, Mr. Bathurst served in multiple roles at Old Mutual Asset Managers (UK), including being a member of the senior management team and head of international sales. Duties included business development, launching new investment funds, recruitment, establishing and supervision of regulatory and financial reporting teams, as well as ensuring compliance with funds' regulatory requirements and corporate governance standards.

Prior to this, Mr. Bathurst was an advisor to Lion Capital Advisors Limited from April 2003 to March 2004, and from June 2002 to March 2003 business development reporting to the board of management of LCF Rothschild Asset Management Limited.

From April 1995 to March 2002, Mr. Bathurst joined a newly formed alternative investment management team at Credit Agricole Asset Management, establishing the London Branch as the Managing Director in 1998. He was responsible for the recruitment and development strategy for marketing, sales, investment, financial reporting, compliance and regulatory controls and investor relations.

Between the period of September 1989 and December 1994, Mr. Bathurst worked for GNI, the largest futures and options execution and clearing broker on the London International Financial futures Exchange, where he focused on marketing to European and Middle East financial institutions. In 1991, he joined a new management team to launch a series of specialist investment funds while serving as the Head of Sales and Product Development.

Mr. Bathurst graduated from the Royal Military Academy Sandhurst in November 1974 and commissioned into the British Army serving in the UK and Germany.

DR. MIRKO SCHERER

Dr. Mirko Scherer is an Independent Non-Executive Director of Aptorum Group Limited. Dr. Scherer has been serving as the CEO at TVM Capital China in Hong Kong since March 2015. TVM China focuses on cross-border activities in the life science industry between China and the West. TVM China acts as a bridge between China and the West, assisting Chinese investors and pharmaceutical companies accessing western innovations, while collaborating with innovative life science companies from the West to enter the fast-growing China market.

Dr. Mirko Scherer has served on the Board of the Frankfurt Stock Exchange and has been a board member of the Stichting Preferente Aandelen QIAGEN since 2004. From August 2016 through July 2018, Dr. Scherer served as a Non-Executive board member of Quantapore Inc. and from April 2015 through September 2017, he was a director of China BioPharma Capital I, (GP).

Dr. Scherer is an experienced biotechnology executive and has led numerous financing M&A and licensing transactions, in both public and private markets, in Europe and the U.S. for over 20 years. He consulted MPM Capital for the period between July 2012 and December 2014, focusing on deal sourcing for MPM in Europe. Dr. Scherer was also a co-founder and partner of KI Kapital from November 2008 to February 2014, a company specializing in providing consultation in life science industry.

Prior to working in the venture capital industry, Dr. Scherer co-founded GPC Biotech (Munich and Princeton, NJ) and served as the Chief Financial Officer from October 1997 to December 2007. GPC Biotech engaged in numerous pharmaceutical alliances with companies such as Sanofi Aventis, Boehringer Ingelheim, Altana (now part of Takeda), Yakult, and Pharmion (now part of Celgene). Over the past 20 years, Dr. Scherer has established an extensive network in the U.S., European, and China's biotechnology and venture capital industry. Prior to his time at GPC Biotech, Dr. Scherer worked as a consultant from May 1993 to June 1994 at the Boston Consulting Group.

Dr. Scherer earned a Doctorate in Finance from the European Business School in Oestrich-Winkel/Germany in 1998, a MBA from Harvard Business School in June 1996, and a degree in Business Administration from the University of Mannheim/Germany in February 1993.

DR. JUSTIN WU

Dr. Justin Wu is an Independent Non-Executive Director of Aptorum Group Limited. He also served as the Chief Operating Officer of CUHK Medical Centre since August 2018. He served as the Associate Dean (Development) of the Faculty of Medicine at CUHK from July 2014 to June 2018 and the Associate Dean (Clinical) of the Faculty of Medicine at CUHK from December 2012 to July 2014, and has been serving a Professor in the Department of Medicine and Therapeutics since 2009, also the Director of the S. H. Ho Center for Digestive Health, a research center specializing in functional gastrointestinal diseases, reflux and motility disorders, and digestive endoscopy. Active in research publications and assessments, Dr. Wu is currently the International Associate Editor of American Journal of Gastroenterology ("AJG"), and Managing Editor of Journal of Gastroenterology and Hepatology ("JGH"). He is also the Secretary General of the Asian Neurogastroenterology and Motility Association ("ANMA"), and Honorary Treasurer of the Asia Pacific Association of Gastroenterology ("APAGE").

Dr. Wu has won a number of awards including the Emerging Leader in Gastroenterology Award by the JGH Foundation, and the Vice Chancellor's Exemplary Teaching Award at CUHK. Aside from his expertise in gastroenterology, Dr. Wu has an extensive interest in the development of Integrative Medicine in Hong Kong. He is the Founding Director of the Hong Kong Institute of Integrative Medicine, working closely with the School of Chinese Medicine to develop an integrative model at an international level. The institute aims at maximizing the strength of Western and Chinese medicine to provide a safe and effective integrative treatment to patients.

Dr. Wu served as a consultant and an advisory board member for Takeda Pharmaceutical, AstraZeneca, Menarini, Reckitt Benckiser and Abbott Laboratory. He earned his Bachelor of Medicine and Bachelor of Surgery Degree (1993), and his Doctor of Medicine Degree (2000) from CUHK. Additionally, he attained Fellowships of the Royal College of Physicians of Edinburgh and London in 2007 and 2012 respectively, Fellowship of the Hong Kong College of Physicians in 2002, Fellowship of the Hong Kong Academy of Medicine in 2002, and has been an American Gastroenterological Association Fellow since 2012.

PROFESSOR DOUGLAS ARNER

Professor Douglas W. Arner is an Independent Non-Executive Director of Aptorum Group Limited. He is also the Kerry Holdings Professor in Law at the University of Hong Kong ("HKU"), Project Coordinator of a significant project funded by the Hong Kong Research Grants Council Theme-based Research Scheme on "Enhancing Hong Kong's Future as a Leading International Financial Centre" and the Director of HKU's East Asian International Economic Law and Policy Program. In addition, he is the Faculty Director of HKU's LLM in Compliance and Regulation and a Senior Visiting Fellow of Melbourne Law School, University of Melbourne. Douglas served as the Head of the HKU Department of Law from 2011 to 2014 and as Co-Director of the Duke University-HKU Asia-America Institute in Transnational Law from 2005 to 2016. From 2006 to 2011 he was the Director of HKU's Asian Institute of International Financial Law, which he co-founded in 1999 along with the LLM in Corporate and Financial Law (of which he serves as the Faculty Director). Since March 1, 2018, Professor Arner is the Senior Regulatory & Strategic Advisor of AENEAS CAPITAL LIMITED, a licensed corporation regulated by the Hong Kong Securities & Futures Commission as a Type 9 Asset Manager.

Professor Arner is a member of the Hong Kong Financial Services Development Council and an Executive Committee Member of the Asia Pacific Structured Finance Association. He has served as a consultant with, among others, the Asian Development Bank, World Bank, APEC, and European Bank for Reconstruction and Development, and has lectured, co-organized conferences and seminars and been involved with financial sector reform projects in over 20 economies in Africa, Asia and Europe. He has been a visiting professor or fellow at Duke, Harvard, the Hong Kong Institute for Monetary Research, IDC Herzliya, McGill, Melbourne, National University of Singapore, University of New South Wales, Shanghai University of Finance and Economics, and Zurich, among others.

He holds a BA from Drury College (where he studied literature, economics and political science) in 1992, a JD (cum laude) from Southern Methodist University in 1995, an LLM (with distinction) in banking and finance law from the University of London (Queen Mary College) in 1996, and a PhD from the University of London in 2005.

Significant Employee

The following person is not an executive officer of Aptorum Group Limited, but is expected to make significant contributions to our business.

DR. THOMAS LEE WAI YIP, Chief Executive Officer and Chief Scientific Officer, Aptorum Therapeutics Limited

Dr. Thomas Lee is the Chief Executive Officer and Chief Scientific Officer of Aptorum Therapeutics Limited, a wholly-owned therapeutics subsidiary of Aptorum Group Limited. Dr. Lee served as an Assistant Professor in the School of Pharmacy, Faculty of Medicine, CUHK from August 2013 to January 2018 and joined Aptorum Therapeutics Limited in January 2018. Dr. Lee's key area research involves drug delivery with specialties on formulation development of poorly soluble compounds, oral delivery, Nanotechnology, and similar fields.

Prior to academia, Dr. Lee accumulated big-pharma experience by spending a decade in two multinational pharmaceutical companies in the U.S. He was working at Novartis Pharmaceuticals Corporation from June 2003 to November 2008, and subsequently recruited to Celgene Corporation as a senior scientist (manager) of the Formulations Research & Development from November 2008 to July 2013.

Dr. Lee graduated with B.Pharm. (Hons) Degree from the formerly Department of Pharmacy at the CUHK in August 1995, and received his Ph.D. in Pharmaceutical Sciences (Drug Delivery) from the University of Wisconsin-Madison in the U.S in May 2003.

Corporate Governance

Prior to the completion of this Offering and as long as our officers and directors, either individually or in the aggregate, own at least 50% of the voting power of our Company, we will be a "controlled company" as defined under NASDAQ Marketplace Rules (specifically, as defined in Rule 5615(c)). We have no current intention to rely on the controlled company exemptions afforded to a controlled company under the NASDAQ Marketplace Rules.

Composition of Our Board of Directors

Our Board of Directors currently consists of seven members, all of whom were elected pursuant to our current Memorandum and Articles. Our nominating and governance committee and board of directors will consider a broad range of factors relating to the qualifications and background of nominees, which may include diversity and is not limited to race, gender or national origin. We have no formal policy regarding board diversity. Our nominating and governance committee's and board of directors' priority in selecting board members is identification of persons who will further the interests of our shareholders through his or her established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members, knowledge of our business, understanding of the competitive landscape and professional and personal experiences and expertise relevant to our growth strategy.

There is no Cayman Islands law requirement that a director must hold office for a certain term and stand for re-election unless the resolutions appointing the director impose a term on the appointment. The Memorandum and Articles provide that our directors will be elected annually to serve a term of one year, or until his or her earlier resignation or removal. We do not have any age limit requirements relating to our director's term of office.

Our Memorandum and Articles also provide that our directors may be removed by the directors or ordinary resolution of the shareholders, and that any vacancy on our Board of Directors, including a vacancy resulting from an enlargement of our Board of Directors (which shall not exceed any maximum number stated therein), may be filled by ordinary resolution or by vote of a majority of our directors then in office.

Director Independence

Our Board of Directors has determined that Justin Wu, Mirko Scherer, Douglas Arner and Charles Bathurst are independent, as determined in accordance with the rules of the NASDAQ Global Market. In making such independence determination, our Board of Directors considered the relationships that each such non-employee director has with us and all other facts and circumstances that the board of directors deemed relevant in determining their independence, including the beneficial ownership of our share capital by each non-employee director and the transactions involving them described in the section titled "Transactions with Related Persons." Upon the closing of this Offering, we expect that the composition and functioning of our Board of Directors and each of our committees will comply with all applicable requirements of the NASDAQ Global Market and the rules and regulations of the SEC. There are no family relationships among any of our directors or executive officers.

Board's Role in Risk Oversight

Our Board of Directors oversees the management of risks inherent in the operation of our business and the implementation of our business strategies. Our Board of Directors performs this oversight role by using several different levels of review. In connection with its reviews of our operations and corporate functions, our Board of Directors addresses the primary risks associated with those operations and corporate functions. In addition, our Board of Directors reviews the risks associated with our business strategies periodically throughout the year as part of its consideration of undertaking any such business strategies.

Each of our board committees also oversees the management of our risk that falls within the committee's areas of responsibility. In performing this function, each committee has full access to management, as well as the ability to engage advisors. Our Chief Financial Officer reports to the audit committee and is responsible for identifying, evaluating and implementing risk management controls and methodologies to address any identified risks. In connection with its risk management role, our audit committee meets privately with representatives from our independent registered public accounting firm and our Chief Financial Officer. The audit committee oversees the operation of our risk management program, including the identification of the primary risks associated with our business and periodic updates to such risks, and reports to our Board of Directors regarding these activities.

Board Committees

Our Board of Directors has established an audit committee, a compensation committee and a nominating and corporate governance committee, each of which operates pursuant to a separate charter adopted by our Board of Directors. The composition and functioning of all of our committees will comply with all applicable requirements of the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the NASDAQ Global Market and SEC rules and regulations. Our Board of Directors may establish other committees from time to time.

Audit Committee

Charles Bathurst, Douglas Arner and Justin Wu currently serve on the audit committee, which is chaired by Charles Bathurst. Our Board of Directors has determined that each member of the audit committee is "independent" for audit committee purposes as that term is defined in the rules of the SEC and the applicable rules of the NASDAQ Global Market. The audit committee's responsibilities include:

- selecting and appointing our independent registered public accounting firm, and approving the audit and permitted non-audit services to be provided by our independent registered public accounting firm;
- evaluating the performance and independence of our independent registered public accounting firm;
- monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements or accounting matters;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures;
- establishing procedures for the receipt, retention and treatment of accounting-related complaints and concerns;
- reviewing and discussing with the independent registered public accounting firm the results of our year-end audit, and recommending to our Board of Directors, based upon such review and discussions, whether our financial statements shall be included in our Annual Report on Form 20-F;
- reviewing all related party transactions for potential conflict of interest situations and approving all such transactions; and
- reviewing the type and presentation of information to be included in our earnings press releases, as well as financial information and earnings guidance provided by us to analysts and rating agencies.

Audit Committee Financial Expert

We have one financial expert as of the date of this report. Our Board of Directors has determined that Mr. Charles Bathurst, Chair of our audit committee, qualifies as an "audit committee financial expert" as defined in the SEC rules and satisfies the financial sophistication requirements of The NASDAQ Global Market.

Compensation Committee

Charles Bathurst, Douglas Arner and Justin Wu currently serve on the compensation committee, which is chaired by Justin Wu. Our Board of Directors has determined that each member of the compensation committee is "independent" as that term is defined in the applicable rules of the NASDAQ Global Market. The compensation committee's responsibilities include:

- reviewing the goals and objectives of our executive compensation plans, as well as our executive compensation plans in light of such goals and objectives;
- evaluating the performance of our executive officers in light of the goals and objectives of our executive compensation plans and recommending to our Board of Directors with respect to the compensation of our executive officers;
- reviewing the goals and objectives of our general compensation plans and other employee benefit plans as well as our general compensation plans and other employee benefit plans in light of such goals and objectives;
- retaining and approving the compensation of any compensation advisors;
- reviewing all equity-compensation plans to be submitted for shareholder approval under the NASDAQ listing rules, and reviewing and approving all equity-compensation plans that are exempt from such shareholder approval requirement;
- evaluating the appropriate level of compensation for board and board committee service by non-employee directors; and
- reviewing and approving description of executive compensation included in our Annual Report on Form 20-F.

Nominating and Corporate Governance Committee

Charles Bathurst, Douglas Arner and Justin Wu currently serve on the nominating and corporate governance committee, which is chaired by Professor Arner. Our Board of Directors has determined that each member of the nominating and corporate governance committee is "independent" as that term is defined in the applicable rules of the NASDAQ Global Market. The nominating and corporate governance committee's responsibilities include:

- assisting our Board of Directors in identifying prospective director nominees and recommending nominees for election by the shareholders or appointment by our Board of Directors;
- advising the board of directors periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to our Board of Directors on all matters of corporate governance and on any corrective action to be taken;
- overseeing the evaluation of our Board of Directors; and
- recommending members for each board committee of our Board of Directors.

Code of Business Conduct and Ethics

Our board has adopted a code of business conduct and ethics that applies to our directors, officers and employees. A copy of this code will be available on our website: www.aptorumgroup.com upon effectiveness of the F-1. We intend to disclose on our website or in a current report on Form 6-K, any amendments to the Code of Business Conduct and Ethics and any waivers of the Code of Business Conduct and Ethics that apply to our principal executive officer, principal financial officer, principal accounting officer, controller, or persons performing similar functions.

Duties of Directors

Under Cayman Islands law, our directors have a duty to act honestly, in good faith and with a view to our best interests. Our directors also have a duty to exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. (See "Description of Share Capital – Differences in Corporate Law") In fulfilling their duty of care to us, our directors must ensure compliance with our Memorandum and Articles. We have the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our Board of Directors include, among others:

- appointing officers and determining the term of office of the officers;
- authorizing the payment of donations to religious, charitable, public or other bodies, clubs, funds or associations as deemed advisable;
- exercising the borrowing powers of the company and mortgaging the property of the company;
- executing checks, promissory notes and other negotiable instruments on behalf of the company; and
- maintaining or registering a register of mortgages, charges or other encumbrances of the company.

Interested Transactions

So long as it does not adversely affect such person's performance of duties or responsibilities to the Company and so long as it is not in direct competition with the Company and the Company's business, no director or officer shall be disqualified by his office from contracting and/or dealing with the Company as vendor, purchaser or otherwise; nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any director or officer shall be in any way interested be or be liable to be avoided; nor shall any director or officer so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such director or officer holding that office or the fiduciary relationship thereby established. However, any such transaction that would reasonably be likely to affect a director status as an "Independent Director," or that would constitute a "related party transaction" pursuant to the laws or rules promulgated by the SEC or the stock exchange on which our shares are then listed, shall require the review and approval of the Audit Committee. The nature of the director's interest must be disclosed by him at the meeting of the directors at which the contract or arrangement is considered if his interest then exists, or in any other case, at the first meeting of the directors after the acquisition of his interest. A director, having disclosed his interest as aforesaid, shall not be counted in the quorum and shall refrain from voting as a director in respect of any contract or arrangement in which he is as interested as aforesaid.

A director must promptly disclose the interest to all other directors after becoming aware of the fact that he or she is interested in a transaction we have entered into or are to enter into. A general notice or disclosure to the board or otherwise contained in the minutes of a meeting or a written resolution of the board or any committee of the board that a director is a shareholder, director, officer or trustee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company will be sufficient disclosure, and, after such general notice, it will not be necessary to give special notice relating to any particular transaction.

Qualification

The shareholding qualification for directors may be fixed by the Company in general meeting, and unless and until so fixed no qualification shall be required.

Compensation of Executive Officers and Directors

The following table sets forth all cash compensation paid by us, as well as certain other compensation paid or accrued, in 2017 and 2016 to each of the following named executive officers. The total amount was $0.21 million in 2017 and $nil in 2016, respectively. This amount does not include business travel, relocation, professional and business association dues and expenses reimbursed to such persons, and other benefits commonly reimbursed or paid by companies in our industry.

Name and Principal Position	Fiscal Year	Salary ($)[1]	Bonus ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Ian Huen[2]	**2017**	69,230	23,077	-	-	577	-	92,884
(CEO)	**2016**	-	-	-	-	-	-	-
Darren Lui[3]	**2017**	57,692	4,847	-	-	577	-	63,116
(CBO, President)	**2016**	-	-	-	-	-	-	-
Clark Cheng[4]	**2017**	-	-	-	-	-	-(7)	-
(CMO)	**2016**	-	-	-	-	-	-	-
Keith Chan[5]	**2017**	44,516(8)	-	-	-	-	-	44,516
(CSO)	**2016**		-	-	-	-	-	-
Sabrina Khan[6]	**2017**	33,064	-	-	-	577	-	33,641
(CFO)	**2016**	-	-	-	-	-	-	-

(1) The Appointment Letters provide salaries in HKD; for purposes of this table, we used a conversion ratio of HKD7.80 to USD1.00 to determine the salary in USD.

(2) Mr. Huen is the founder and was appointed as the Chief Executive Officer of Aptorum Group on October 1, 2017. Before that, he was a director of the Company.

(3) Mr. Lui was appointed as the Chief Business Officer and President of Aptorum Group on October 1, 2017.

(4) Dr. Cheng was appointed as the Chief Medical Officer of Aptorum Group on January 2, 2018.

(5) Dr. Chan was appointed as the Chief Scientific Officer of Aptorum Group on August 18, 2017.

(6) Miss Khan was appointed as the Chief Financial Officer of Aptorum Group on October 16, 2017; as per an addendum to her appointment letter that we entered into with Miss Khan on April 24, 2018, her monthly salary increased to HKD122,500 as of April 1, 2018.

(7) Pursuant to his appointment letter, Dr. Cheng also received a share bonus of 526 ordinary shares of AML, representing 5% of AML's issued and outstanding ordinary shares (the "Share Bonus"). Based on the Company's financial position and Dr. Cheng's performance, on each anniversary of Dr. Cheng's employment commencement date, the Share Bonus is eligible to increase by 1% of AML's then issued and outstanding ordinary share count per year up to a maximum additional amount of 5% of AML's then issued and outstanding ordinary share count by the 5th anniversary from his employment commencement date.

(8) As described elsewhere in this prospectus, we maintain a consulting agreement with GloboAsia, LLC, for which Dr. Chan serves as the Director of International Affairs. All fees payable to Dr. Chan for services provided to us as Chief Scientific Officer are paid to GloboAsia, LLC, pursuant to the consulting agreement and appointment letter with Dr. Chan. (See "Transactions with Related Persons – Consulting Arrangements")

Compensation of Directors

The following table sets forth information for the fiscal year ended December 31, 2017 regarding the compensation of our directors who at December 31, 2017, were not also named executive officers.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Non-qualified Deferred Compensation Earnings ($)	All Other Compen-sation ($)	Total ($)
Charles Bathurst [1]	**10,684[2]**	**-**	**-**	**-**	**-**	**-**	**10,684**
Mirko Scherer [3]	**6,371**	-	-	-	-	-	**6,371**
Justin Wu [4]	**6,371**	-	-	-	-	-	**6,371**
William Lo[5]	**4,722**	-	-	-	-	-	**4,722**

(1) Mr. Bathurst was appointed as one of our directors as of October 2017 and pursuant to his appointment letter, is entitled to receive $50,400 annually for his combined services as a director and a committee member.

(2) Mr. Bathurst's appointment Letter provides his salary in GBP. For purposes of this table, we used a conversion ratio of GBP0.71 to USD1.00 to determine his salary in USD; however, the ultimate amount paid is based on the actual rate as of the relevant pay day at the end of each month.

(3) Dr. Scherer was appointed as one of our directors as of October 2017 and pursuant to his appointment letter, is entitled to receive $30,000 annually for his services as a director.

(4) Dr. Wu was appointed as one of our directors as of October 2017 and pursuant to his appointment letter, is entitled to receive $30,000 annually for his combined services as a director and a committee member.

(5) Dr. Lo was appointed as one of our directors in November 2017, but resigned in December 2017; he has since been appointed as strategic advisor for Videns.

Professor Arner's appointment as one of our directors became effective as of April 1, 2018. Pursuant to his appointment letter, Professor Arner is entitled to receive $30,000 annually for his combined services as a director and a committee member; he also received a signing bonus of $2,500.

According to our Memorandum and Articles, the remuneration to be paid to the directors shall be such remuneration as the directors shall determine and as is in accordance with the Charter of the Compensation Committee, as applicable and the Company's other corporate governance documents. Such remuneration shall be deemed to accrue from day to day. The directors also may be paid travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or in connection with the business of the Company or the discharge of their duties as a director, or receive a fixed allowance in respect thereof as may be determined by the directors from time to time or a combination of partly of one such method and partly the other. The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any existing director or any director who has held but no longer holds any executive office or employment with the Company or with any entity which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

Omnibus Incentive Plan

On October 13, 2017, we adopted the Option Plan. Under the Option Plan, up to an aggregate of 5,500,000 Class A Ordinary Shares (subject to subsequent adjustments described more fully below) may be issued pursuant to awards under the Option Plan. Subsequent adjustments include that on each January 1, starting with January 1, 2020, an additional number of shares equal to the lesser of (A) 2% of the outstanding number of Class A Ordinary Shares (on a fully diluted basis) on the immediate preceding December 31, and (B) such lower number of Class A Ordinary Shares as may be determined by the board of directors, subject in all cases to adjustments as provided in Section 10 of the Aptorum Group Limited 2017 Share Option Plan. Awards will be made pursuant to agreements and may be subject to vesting and other restrictions as determined by the board of directors.

We adopted the Option Plan to provide additional incentives to selected directors, officers, employees and consultants, and enable our Company to obtain and retain the services of these individuals. The Option Plan will enable us to grant options, restricted shares or other awards to our directors, employees and consultants. Awards will be made pursuant to agreements and may be subject to vesting and other restrictions as determined by the board of directors.

Limitation on Liability and Other Indemnification Matters

The Companies Law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Memorandum and Articles permit indemnification of officers and directors for actions, proceedings, claims, losses, damages, costs, liabilities and expenses ("Indemnified Losses") incurred in their capacities as such unless such Indemnified Losses arise from dishonesty of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

TRANSACTIONS WITH RELATED PERSONS

Since January 1, 2016 there has not been, nor is there currently proposed, any material transaction or series of similar material transactions in which the amount involved exceeds the lesser of $120,000 or one percent of the average of the Company's total assets at year-end for the last two completed fiscal years in which we were or are to be a participant and in which a related person had or will have a direct or indirect material interest, other than the compensation and shareholding arrangements we describe in "Management" and "Principal Shareholders" and the transactions we describe below. A related person is: (i) an executive officer, director or director nominee of the Company, (ii) a beneficial owner of more than 5% of our Class A or Class B Ordinary Shares, (iii) an immediate family member of an executive officer, director or director nominee or beneficial owner of more than 5% of any class of our Ordinary Shares, or (iv) any entity that is owned or controlled by any of the foregoing persons or in which any of the foregoing persons has a substantial ownership interest or control.

Sales and Purchases of Securities

Share Issuances

During the period of March 2017 through December 2017, we issued an aggregate of 2,207,025 Ordinary Share at a purchase price of approximately $3.90 per share, in a private placement we described as a "Series A" offering. Each investor of the Series A offering, in addition to a subscription agreement, signed a shareholder agreement, which set forth the basic governance terms of the Company, as well as our capital structure. The shareholders agreement was terminated in October 2017.

On October 13, 2017, ordinary resolutions were passed at an extraordinary general meeting of the Company approving: (i) converting 72,135,865 of authorized but unissued Ordinary Shares into 54,573,619 authorized but unissued Class A ordinary shares, par value of $1.00 per share ("Class A Ordinary Shares") and 17,562,246 authorized but unissued Class B ordinary shares, par value of $1.00 per share ("Class B Ordinary Shares"), respectively; (ii) converting 24,930,839 Ordinary Shares held by three shareholders into an aggregate of 2,493,085 Class A Ordinary Shares and 22,437,754 Class B Ordinary Shares; and (iii) converting 2,933,296 Ordinary Shares held by 24 shareholders into an aggregate 2,933,296 Class A Ordinary Shares. Following these issuances, we had 27 shareholders of record.

KHE Holdings Limited, which is owned by Dr. Kenny Yu's family, purchased $200,000 Series A Notes. Dr. Yu is a member of our Scientific Assessment Committee.

Share Transfer: Change in direct substantial shareholders of the Company

On May 4, 2017, Mr. Huen transferred all of the ordinary shares in the Company he owned (in the amount of 22,307,596) to Jurchen, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Huen. On October 13, 2017, the ordinary shares held by Jurchen were redesignated as 2,230,760 Class A Ordinary Shares and 20,076,836 Class B Ordinary Shares.

On March 23, 2018, Jurchen transferred 446,152 Class A Ordinary Shares and 4,015,367 Class B Ordinary Shares to CGY Investments Limited, a company incorporated in Hong Kong and which we deem Mr. Darren Lui controls and/or of which he has substantial influence on the disposition rights and voting rights of such shares. Following this transfer, Jurchen owns approximately 33% and 72% of our Class A Ordinary Shares and Class B Shares, respectively.

Underwriters

Boustead also acted as the placement agent in the Series A Note Offering and one of the placement agents for the Bond Offering. For such services, Boustead received: (x) for the Series A Note Offering: (i) a cash success fee of $68,516 and (ii) the Series A Note PA Warrants; and (y) for the Bond Offering: (i) a cash success fee of $600,000 and (ii) the Bond PA Warrants. Boustead also participated in the Series A Note Offering as an investor with a purchase of Series A Notes in the amount of $150,000. Prior to the commencement of this Offering, Boustead assigned all such securities to a non-affiliate; the assignment is non-recourse.

China Renaissance also acted as a placement agent for the Bond Offering. For such services, China Renaissance received a cash success fee of $150,000.

The underwriters and their affiliates may also provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they may receive customary fees and commissions. In addition, from time to time, the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future. Pursuant to our engagement agreement with them, we paid Boustead $50,000 for such services upon signing the engagement agreement with them and shall pay them an additional $50,000 after our Class A Ordinary Shares are listed on NASDAQ.

Consulting Arrangements

With respect to the consulting agreements entered into between the Company and GloboAsia, LLC, Aeneas, and Covar Pharmceuticals Incorporated (the “Consultants”), none of the Consultants are associated or affiliated with any FINRA members.

1. GloboAsia, LLC - We entered into a consulting agreement with GloboAsia effective as of August 18, 2017. Pursuant to this agreement, GloboAsia provides advisory and management services to us. Dr. Keith Chan, our Chief Scientific Officer serves as the Director of International Affairs of GloboAsia. Although Dr. Chan is our Chief Scientific Officer, he is not an Executive Director and does not have the legal nor professional authority to dictate the commercial decisions of the Executive Board. The service fees payable to GloboAsia equate to a monthly rate of $10,000 and are paid with the expectation that Dr. Chan devotes at least one working day per week to the Company. The term of this agreement is two years from the date of commencement and GloboAsia must give the Company not less than two months’ notice in writing if it wants to terminate the agreement.

2. Aeneas

a. We entered into a Management Agreement with Aeneas in October 2010, as amended (the “Management Agreement”). Our CEO, Mr. Huen is the sole beneficial owner and one of the executive directors of Aeneas, which is a Hong Kong incorporated licensed corporation regulated by the Securities & Futures Commission for asset management activities. Prior to the Restructure, pursuant to which we no longer invest in companies on a portfolio investment basis, Aeneas was the Company’s asset manager. Pursuant to the Management Agreement, we were to pay Aeneas certain management fees and performance fees. In February 2017, as part of the Restructure, the Management Agreement was terminated and no further fees were payable pursuant thereto. Prior to termination, we paid Aeneas an aggregate of $4.8 million pursuant to the terms of the Management Agreement.

b. In March 2017, we entered into a new Management Agreement with Aeneas (the “2017 Agreement”), pursuant to which Aeneas will provide certain management and administrative functions, as well as investment functions related to the Company, IP acquisitions and other investor relations services (the “Services”). In consideration for the Services, we shall pay Aeneas HK$500,000 per month (approximately US$64,103 per month), payable on the last day of each month. The 2017 Agreement was terminated in July 2018.

Aeneas is wholly-owned by Aeneas Group Limited ("AGL"), which in turn is wholly-owned by Aeneas Limited ("AL"). AL is wholly-owned by Jurchen, which is wholly-owned by Mr. Huen, our CEO. Mr. Huen and Mr. Lui both serve as the executive directors of Aeneas and Professor Arner, one of our directors, is a Senior Regulatory and Strategic Advisor for Aeneas. Under his agreement with AGL dated March 12, 2018, Professor Arner shall, among other services, advise the board of AGL with its management, execution of business, and regulatory initiatives of AGL and AL, assist AGL with access to expert networks as appropriate and required. Professor Arner's compensation thereunder is HK$240,000 per year (approximately US$30,800 per year) and Professor Arner is entitled to participate in AGL's share option plans.

In addition, AGL is one of the selected dealers of this Offering, but is not a broker-dealer registered with the SEC. Therefore, to the extent AGL makes any offers or sales of Class A Ordinary Shares in the United States, it will do so through Boustead and receive commissions, if any, in compliance with applicable securities law and regulations, and FINRA rules.

3. Covar Pharmaceuticals Incorporated - In May 2017, we entered into a service agreement (the "Covar Agreement") with Covar Pharmaceuticals Incorporated ("Covar"), an advisor, through a wholly-owned subsidiary, Videns, which is one of our project companies and is developing four of our projects.

Pursuant to the Covar Agreement, Covar would act as a product and clinical development advisor to Videns with respect to the development of contrast agents for MRI imaging applicable to the human brain (VLS-1) (the "Original Service Scope"). Covar shall receive fees for their services in amounts to be determined by the parties at the time of each service. Pursuant to the Covar Agreement, two employees of Covar, Mr. Austin Freedman ("Mr. Freedman") and Dr. Kwok Chow ("Dr. Chow") would provide the technical services at the rate of $150 per hour and $200 per hour, respectively; other technical and support staff shall provide services at the rate of $65-$100 per hour depending on background and experience. Covar has since adjusted its fees pursuant to a new fee schedule, where effective January 2018, the effective rates of Dr. Chow and Mr. Freedman are now $220 per hour and $165 per hour respectively, and the rates of other technical and support staff are now between $90-$250 per hour depending on background and experience. Mr. Freedman will provide the lead program management services for the project contemplated by the Covar Agreement and Dr. Chow will provide management support when needed; otherwise, Dr. Chow will provide technical and consulting services including pharmaceutical and analytical development services. Videns shall also reimburse Covar for certain out of pocket expenses that are pre-approved in writing.

The Covar Agreement has an initial term of 12 months that may be automatically renewed for an additional 12-month period and then by mutual agreement among the parties. Either party may terminate the Covar Agreement at any time with or without cause upon written notice to the other party at least 15 days prior to such termination. Upon termination or expiration of the Covar Agreement, Videns shall pay for all unbilled compensation and expenses to the date of termination, unless however Videns terminates the Covar Agreement because of Covar's permanent incapacity to perform the services and/or breach of its obligation under the Covar Agreement, in which case, Covar shall complete the work in progress and receive payment for such finished work.

Starting on August 1, 2017, the services provided by Covar, Mr. Freedman and Dr. Chow expanded beyond the Original Service Scope as they began to advise Videns on other research and development projects Aptorum was undertaking. As a result, we appointed Mr. Freedman and Dr. Chow as two of our Senior Clinical Development Managers, effective as of August 1, 2017 pursuant to an Appointment Letter and Addendum to Service Agreement with each of Dr. Chow and Mr. Freedman (each, an "Addendum"). Mr. Freedman and Dr. Chow's services are limited to those services set forth in their appointment letters and shall each be paid at the rate of $200 per hour or as otherwise agreed to by us and Covar.

Each Addendum shall be in effect for two years and shall terminate if the Covar Agreement is terminated or such person is no longer a member or affiliate of Covar, by Covar after giving us no less than two months' written notice, by us after giving written notice to Covar or by us, without notice or compensation for Covar's dishonesty, refusal to carry out any order or instruction or repeated breach of any rules or regulations applicable to us or those as governed by the laws of Canada. Renewal of each appointment shall be negotiated three months prior to the expiration of the term and subject to mutual consent among all of the parties.

According to the Cover Agreement, all intellectual property generated or derived by Mr. Freedman and Dr. Chow in the course of performing the services, to the extent it is specific to the development, manufacture, use and sale of the product of Videns that is the subject of the services, will be the exclusive property of the Videns. All intellectual property generated or derived by Mr. Freedman and Dr. Chow while performing the services which is not specific to, or dependent upon, Viden's product will be the exclusive property of Mr. Freedman and Dr. Chow. Mr. Freedman and Dr. Chow grants to Videns a non-exclusive, paid-up, royalty-free, transferable license of the intellectual property which Videns may use for the manufacture of its product.

Appointment Letters

We have entered into Appointment Letters with each of our executive officers. The terms of the Appointment Letters for each of our executive officers are consistent with each other, except with regard to the individual's compensation, term of employment and duties and responsibilities, the latter of which coincides with the standard functions normally associated with the given position. Below, we set forth the specific compensation and term of employment terms of each of our executive officer's appointment letter:

- Ian Huen - Chief Executive Officer and Executive Director- US$23,077 (HKD180,000) per month payable in an equivalent amount of thirteen (13) months per calendar year with no set term of employment.

- Darren Lui - President, Chief Business Officer and Executive Director- US$19,231 (HKD150,000) per month payable in an equivalent amount of thirteen (13) months per calendar year with no set term of employment

- Dr. Clark Cheng - Chief Medical Officer and Executive Director- US$19,231 (HKD150,000) per month payable in twelve (12) instalments per calendar year with no set term of employment. Dr. Cheng is also entitled to receive a share bonus of 5% of Aptorum Medical Limited's ordinary shares upon commencement of employment, which shall be increased by 1% annually up to a maximum additional amount of 5% of issued ordinary share capital of Aptorum Medial Limited.

- Dr. Keith Chan - Chief Scientific Officer- Dr. Chan's Appointment Letter is in connection with the Consultancy Agreement we entered into with Globo Asia LLC, for which Dr. Chan serves as Director of International Affairs. Pursuant to this agreement, Dr. Chan must work for the Company at least one day per week and we are obligated to pay Globo Asia LLC a monthly fee of US$10,000. The term of the agreement is for a period of two years.

- Sabrina Khan - Chief Financial Officer- US$15,705 (HKD122,500) per month payable in an equivalent amount of twelve (12) months per calendar year with no set term of employment.

Remaining material terms of the appointment agreements are described below.

We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. We may also terminate an executive officer's employment without cause upon three-month advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based. The executive officer may resign at any time with three-month advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiration of his or her Appointment Letter, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third-party received by us and for which we have confidential obligations.

In addition, each executive officer has agreed to be bound by non-solicitation and non-compete restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) solicit or entice away from the Company, any person, firm, company or organization that is or shall have been at any time within 12 months prior to termination of employee a customer, client, identified prospective customer or client of the Company or in the habit of dealing with the Company; (ii) employ, solicit or entice away from the Company any person who is or shall have been on the date of or within 12 months prior to termination of employment an employee of the Company; or (iii) assume employment with or provide services to, or otherwise engage in income generating activities with any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent.

Some of our Appointment Letters also provide for the executive officer to participate in our mandatory provident fund, which is similar to a pension fund.

Convertible Bond

As disclosed elsewhere in this prospectus, on April 6, 2018, we entered into a Bond Subscription Agreement for the Bond. Jurchen, a company wholly-owned by our CEO, is the guarantor of the Bond. (See “Description of Share Capital – Convertible Bond”)

Leased Facilities

Our lease for our office at Guangdong Investment Tower is a Sub-Tenancy Agreement between Jurchen Investment Corporation and Aptus Management Limited, which is one of our wholly-owned subsidiaries.

Other Relationships

As stated elsewhere in this prospectus, Dr. Cheng serves as our Chief Medical Officer and one of our Executive Directors, who is also an Executive Director of Aptorum Medical. Dr. Cheng is also the guarantor on the AML Lease.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our Class A Ordinary Shares (including Class A Ordinary Shares issuable upon the conversion of outstanding Class B Ordinary Shares), subject to certain assumptions set forth in the footnotes and as adjusted to reflect the sale of our Class A Ordinary Shares offered in this Offering for:

- each person or group of affiliated persons known by us to own beneficially 5% or more of our outstanding Class A Ordinary Shares or Class B Ordinary Shares;
- each of our directors and named executive officers individually; and
- all of our executive officers and directors as a group.

The beneficial ownership of our Class A Ordinary Shares is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power, and includes the Class A Ordinary Shares issuable upon the conversion of the outstanding Class B Ordinary Shares and the Class A Ordinary Shares issuable pursuant to share options that are exercisable within 60 days of the date of this prospectus. Class A Ordinary Shares issuable pursuant to share options are deemed outstanding for computing the percentage of the person holding such options but are not outstanding for computing the percentage of any other person. As of the date of this prospectus, there were no Class A Ordinary Shares issuable pursuant to share options exercisable within 60 days thereof.

The percentage of beneficial ownership owned prior to the Offering is based on 5,426,381 Class A Ordinary Shares and 22,437,754 Class B Ordinary Shares outstanding as of the date of this prospectus. Except as otherwise set forth in the footnotes to the table below, the percentage of beneficial ownership owned after the Offering is based on: (i) 7,678,621 Class A Ordinary Shares and 22,437,754 Class B Ordinary Shares outstanding after we close on the maximum offering amount and (ii) 6,412,799 Class A Ordinary Shares and 22,437,754 Class B Ordinary Shares outstanding after we close on the minimum offering amount; as stated previously, these figures do not include the Class A Ordinary Shares underlying the Series A Note PA Warrants, the Bond PA Warrants or the Option Plan.

Except where otherwise indicated, we believe, based on information furnished to us by such owners, that the beneficial owners of the Class A Ordinary Shares and Class B Ordinary Shares listed below have sole investment and voting power with respect to such shares.

Name and Address of Beneficial Owner[1]	Beneficial Ownership Prior to the Offering				Beneficial Ownership After to the Offering				
	Class A Ordinary Shares		*Class B Ordinary Shares*		*Class A Ordinary Shares*			*Class B Ordinary shares*	% of Total Voting Power (as-converted)*
	Shares	%	Shares	%	Shares	% after the Minimum Offering	% after the Maximum Offering	Shares	
Directors and Named Executive Officers									
Ian Huen[2]	2,094,908	38.61%	17,969,339	80.09%	2,094,908	32.67%	23.84%	17,969,339	66.62%
Darren Lui[3]	522,148	9.62%	4,468,415	19.91%	522,148	8.14%	5.94%	4,468,415	16.57%
Clark Cheng[4]	-	-	-	-	-	-	-	-	-
Keith Chan	-	-	-	-	-	-	-	-	-
Sabrina Khan	-	-	-	-	-	-	-	-	-
Charles Bathurst	-	-	-	-	-	-	-	-	-
Mirko Scherer	-	-	-	-	-	-	-	-	-
Justin Wu[5]	205,256	3.78%	-	-	205,256	3.20%	2.34%	-	0.68%
Douglas Arner	-	-	-	-	-	-	-	-	-
All directors and executive officers as a group (9 persons)	2,822,312	52.01%	22,437,754	100.00%	2,822,312	44.01%	32.12%	22,437,754	83.87%
5% Beneficial Owner									
Jurchen Investment Corporation[2]	1,784,608	32.89%	16,061,469	71.58%	1,784,608	27.83%	20.31%	16,061,469	59.26%
Sui Fong Isabel Huen Ng[2]	211,986	3.91%	1,907,870	8.50%	211,986	3.31%	2.41%	1,907,870	7.04%
CGY Investments Limited[3]	471,809	8.69%	4,015,367	17.90%	471,809	7.36%	5.37%	4,015,367	14.90%
Adamas Ping An Opportunities Fund L.P., through its wholly-owned special purpose vehicle, Peace Range Limited[6]	-	-	-	-	1,232,539	1.92%[7]	14.03%[8]	-	0.41%

* Represents the voting power with respect to all of our Class A Ordinary Shares and Class B Ordinary Shares, voting as a single class and on an as-converted basis, since following this Offering, each Class B Ordinary Share can be converted at any time on a one-for-one basis into Class A Ordinary Share at the discretion of the holder. (See "Description of Share Capital") Accordingly, the percentage is based on 30,116,375 Class A Ordinary Shares; such figure includes full conversion of the Class B Ordinary Shares and Series A Notes and 10% conversion of Bond, based on the maximum offering amount and excludes Class A Ordinary Shares underlying the Series A Note PA Warrants, the Bond PA Warrants and Option Plan.

(1) Unless otherwise indicated, the business address of each of the individuals is 17th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.

(2) Includes (i) 1,784,608 Class A Ordinary Shares and 16,061,469 Class B Ordinary Shares held by Jurchen Investment Corporation, a company wholly-owned by Mr. Huen. Mr. Huen maintains sole voting control over the shares held by Jurchen, the principal office address of which is at 17th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong; (ii) 211,986 Class A Ordinary Shares and 1,907,870 Class B Ordinary Shares held by Sui Fong Isabel Huen Ng, the mother of Mr. Ian Huen; and (iii) 98,314 Class A Ordinary Shares held by Huen Wing Sze Patricia, the sister of Mr. Huen. Due to close family relationship, we deem Mr. Huen controls and/or has substantial influence on the disposition rights and voting rights of the shares held by his mother and sister.

(3) Includes (i) 50,339 Class A Ordinary Shares and 453,048 Class B Ordinary Shares held by DSF Investment Holdings Limited, which is wholly-owned by Mr. Lui and located at Flat A2, 11th Floor, Wing Hang Insurance Building, 11 Wing Kut Street, Hong Kong and (ii) 471,809 Class A Ordinary Shares and 4,015,367 Class B Ordinary Shares held by CGY Investments Limited, which is 50% held by Seng Fun Yee, the spouse of Mr. Darren Lui, 25% held by Mandy Lui, a sister of Mr. Lui and 25% held by Adrian Lui, a brother of Mr. Lui. Due to close family relationship, we deem Mr. Lui controls and/or has substantial influence on the disposition rights and voting rights of the shares included herein.

(4) Dr. Cheng does not directly own any Company shares; however, pursuant to his appointment letter, Dr. Cheng received a stock bonus in the amount of 5% of Aptorum Medical Limited's ordinary shares.

(5) Includes (i) 128,285 Class A Ordinary Shares held by Chi Ling Lily Heung, the wife of Dr. Wu and (ii) 76,971 Class A Ordinary Shares held by Dr. Wu.

(6) Represents the total number of shares issuable upon full conversion of the Bond at a conversion price of $12.17 per share, which reflects a 23% discount to the initial public offering price.

(7) For purposes of this table, the minimum offering for Adamas Ping An Opportunities Fund L.P. refers to the automatic conversion of 10% of the Bond following the closing of the Offering and therefore the percentage of beneficial ownership owned after the Offering on which this figure is based, reflects 10% conversion of the Bond (123,254).

(8) For purposes of this table, the maximum offering for Adamas Ping An Opportunities Fund L.P. refers to full conversion of the Bond and therefore the percentage of beneficial ownership owned after the Offering on which this figure is based, reflects such full conversion of the Bond (1,232,539).

Selling Shareholders

We are registering for resale our Class A Ordinary Shares underlying our Series A Note, Bond, Series A Note PA Warrants and Bond PA Warrants identified below (the "Resale Shares"). The securities listed herein were issued in accordance with the exemption from the registration provisions of the Securities Act of 1933, as amended, provided by Section 4(a)(2) of such Act for issuances not involving any public offering and Rule 506 of Regulation D promulgated thereunder. We are registering the shares to permit the Selling Shareholders and their pledgees, donees, transferees and other successors-in-interest that receive their shares from a Selling Shareholder as a gift, partnership distribution or other non-sale related transfer after the date of this prospectus to resell the shares when and as they deem appropriate in the manner described in the "Plan of Distribution." As of the date of this prospectus, there are 5,426,381 Class A Ordinary Shares issued and outstanding.

The following table sets forth:

- the name of the Selling Shareholders;
- the number of our Class A Ordinary Shares that the Selling Shareholders beneficially owned prior to the offering for resale of the shares under this prospectus;
- the maximum number of our Class A Ordinary Shares that may be offered for resale for the account of the Selling Shareholders under this prospectus; and
- the number and percentage of our Class A Ordinary Shares beneficially owned by the Selling Shareholders after the offering of the shares (assuming all of the offered shares are sold by the Selling Shareholders and the closing of this Offering), is based on 7,678,621 Class A Ordinary Shares or 6,412,799 Class A Ordinary Shares outstanding after we close on the maximum offering amount or minimum offering amount, respectively; as stated previously, these figures do not include the Class A Ordinary Shares underlying the Series A Note PA Warrants, the Bond PA Warrants or the Option Plan, and assumes the Class B Ordinary Shares are not converted.

We have not had a material relationship with any of the Selling Shareholders within the last three years and except as noted in the footnotes below, all of the Selling Shareholders named below received their securities in connection with the Series A Note Offering or the Bond Offering.

China Renaissance also acted as a placement agent for the Bond Offering. For such services, China Renaissance received a cash success fee of $150,000.

None of the Selling Shareholders is a broker dealer or an affiliate of a broker dealer. None of the Selling Shareholders has any agreement or understanding to distribute any of the shares being registered.

Each Selling Shareholder may offer for sale all or part of the shares from time to time. The table below assumes that the Selling Shareholders will sell all of the shares offered for resale. A Selling Shareholder is under no obligation, however, to sell any shares pursuant to this prospectus.

The address for all Selling Shareholders is 17th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.

Name of Selling Shareholder	Class A Ordinary Shares Beneficially Owned Prior to Offering[1]	Maximum Number of Class A Ordinary Shares to be Sold[2]	Number of Class A Ordinary Shares Owned After Offering[3]	Percentage Ownership After Offering (Maximum Offering Amount/Minimum Offering Amount)[4]
Bik-Chun Pauline Chan[5]	2,877	2,877	0	*/*
Lam Chan	4,316	4,316	0	*/*
She Sam Chan[6]	28,534	2,877	25,657	*/*
Tat Ming Chan	1,438	1,438	0	*/*
Kin Wai Chan[7]	28,534	2,877	25,657	*/*
Wai Yan Philip Chiu[8]	2,877	2,877	0	*/*
Kai Lai Chow	60,431	60,431	0	*/*
Ellie Ngai[9]	5,755	5,755	0	*/*
Evangeline Lung	2,877	2,877	0	*/*
Tak Jim Fong	2,877	2,877	0	*/*
Ka Yen Hung	2,877	2,877	0	*/*
KHE Holdings Limited[10]	285,347	28,776	256,571	3.34%/4.00%
Pik Shan Kong	2,877	2,877	0	*/*
Yuk Tong Lee	14,388	14,388	0	*/*
Leorich Management Limited[11]	14,388	14,388	0	*/*
Sai Yan Patrick Ma	2,877	2,877	0	*/*
Chung Tong Vincent Mok[12]	2,877	2,877	0	*/*
Kum Yuen Gilbert Ng	5,755	5,755	0	*/*
Chun Mo Ngan	2,877	2,877	0	*/*
Sharnie Wing San Wong	2,014	2,014	0	*/*
Chin Yau Siah	2,877	2,877	0	*/*
Wing Yee So	5,755	5,755	0	*/*
Martin Pak Wai	5,755	5,755	0	*/*
Ka Wai Wong[13]	6,906	6,906	0	*/*
Yuk Hwa Teresa Wong	2,877	2,877	0	*/*
Iron Grid Ltd.[14]	102,036	102,036	0	*/*
Man Wai Vivian Ng	1,438	1,438	0	*/*
Hung Cheung Tsui	2,877	2,877	0	*/*
Kinger Lau	1,870	1,870	0	*/*
Wei Shin Liu	1,438	1,438	0	*/*
Wai Keung Li	2,215	2,215	0	*/*
Kwok Wai Ng	2,877	2,877	0	*/*
Siu Man Simon Ng	2,877	2,877	0	*/*
Peace Range Limited[15]	1,232,539	1,232,539	0	*/*

* Represents beneficial ownership of less than one percent of our outstanding shares (assuming all of the offered shares are sold by the Selling Shareholders and the closing of this Offering).

(1) For the purpose of this selling stockholder table only, the Offering refers to the resale of the Class A Ordinary Shares by each Selling Shareholder listed above assuming the closing of our initial public offering. Unless otherwise noted, the Selling Shareholders became one of our shareholders pursuant to the Series A Note Offering or the Bond Offering. Accordingly, prior to the closing of our initial public offering, the Selling Shareholders only owned the Series A Notes, Class A Ordinary Shares underlying the Series A Notes, the Bond and Class A Ordinary Shares underlying the Bond, as to Iron Grid, the Series A Note PA Warrants and Bond PA Warrants and the Class A Ordinary Shares underlying all such placement agent warrants, as applicable, as well as any other shares such shareholder owned other than pursuant to any such transaction. The conversion price of the Series A Notes and Bond, as well as the exercise price of the various warrants are subject to certain anti-dilution provisions, which would be triggered if we were to sell securities at a price below the price at which we sold the Notes. (See "Prospectus Summary – Recent Financings" and "Description of Share Capital").

(2) This number represents all of the Resale Shares that the Selling Shareholder shall receive pursuant to the Series A Note Offering or the Bond Offering, as applicable, all of which we agreed to register.

(3) Since we do not have the ability to control how many, if any, of their shares each of the Selling Shareholders will sell, we have assumed that the Selling Shareholders will sell all of the shares offered herein for purposes of determining how many shares they will own after the Offering and their percentage of ownership following the offering.

(4) All percentages have been rounded up to the nearest one hundredth of one percent.

(5) The shareholder is the mother-in-law of Dr. Jason Chan, a scientific assessment committee member of the Company.

(6) The shareholder is the father of Dr. Jason Chan, a scientific assessment committee member of the Company; the shareholdings include 25,657 shares the shareholder previously received from the Company in a private transaction.

(7) The shareholdings include 25,657 shares the shareholders previously received from the Company in a private transaction.

(8) The shareholder is a senior advisor of the Company.

(9) The shareholder is the mother of Dr. Clark Cheng, the Chief Medical Officer and a Director of the Company.

(10) The person having voting, dispositive or investment powers over KHE Holdings Limited is Yu Kuen Ying Denny and Choi Myung Sung Teresa, family members to Dr. Yu. Dr. Yu is a member of our Scientific Assessment Committee. The address for KHE Holdings Limited is Room 1310, 13/F., AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.

(11) The person having voting, dispositive or investment powers over Leorich Management Limited is Yeung Yui Chi, Eugene. The address for Leorich Management Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. Shareholdings include 256,571 the shareholder previously received from the Company in a private transaction.

(12) The shareholder is a senior advisor of the Company.

(13) The shareholder is a principal investigator of certain SRAs of the Company.

(14) William King, CEO of Iron Grid Ltd., a Wyoming corporation ("Iron Grid"), has voting, dispositive or investment powers over Iron Grid, Ltd, which was assigned certain Series A Note, the Series A Notes PA Warrants and the Bond PA Warrants prior to the commencement of the Offering. The assignments are non-recourse. The address for Iron Grid is P.O. Box 75201, San Clemente, CA 92673. Shareholdings include 21,582 Class A Ordinary Shares underlying such Series A Note, 12,664 Class A Ordinary Shares underlying such Series A Note PA Warrants and 67,790 Class A Ordinary Shares underlying such Bond PA Warrants, all of which were initially issued to Boustead.

Boustead served as our placement agent and was an investor in the Series A Note Offering and Bond Offering and is one of our underwriters in this Offering. Boustead was issued the warrants registered herein in exchange for services provided to us pursuant to an engagement agreement dated August 24, 2017, as amended on May 11, 2018. Pursuant to the engagement agreement with Boustead, as amended, Boustead received the following compensation for acting as a placement agent in the Series A Note Offering and the Bond Offering: (x) for the Series A Note Offering: (i) a cash success fee of $68,516 and (ii) the Series A Note PA Warrants; and (y) for the Bond Offering: (i) a cash success fee of $600,000 and (ii) the Bond PA Warrants. Boustead also purchased $150,000 Series A Notes in the Series A Note Offering.

(15) The person having voting, dispositive or investment powers over Peace Range Limited is Paul Lincoln Heffner. The address for Peace Range Limited is Sea Meadow House, Blackburne Highway, P.O. Box 116, Road Town, Tortola, British Virgin Islands. Shareholdings include the number of shares issuable pursuant to full conversion of the Bond based on a 23% discount to the initial public offering price, or $12.17 per share. Shareholdings represent full conversion of the Bond.

PLAN OF DISTRIBUTION

The Selling Shareholders and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell any or all of their Resale Shares at a fixed price equal to the Offering Price until the Class A Ordinary Shares are listed on NASDAQ and thereafter, the Selling Shareholders will be able sell their Class A Ordinary Shares at prevailing market prices or privately negotiated prices. The Selling Shareholders may use any one or more of the following methods when selling Resale Shares once Class A Ordinary Shares are listed on NASDAQ:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits investors;
- block trades in which the broker-dealer will attempt to sell the Class A Ordinary Shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- to cover short sales made after the date that this registration statement is declared effective by the SEC;
- broker-dealers may agree with the Selling Shareholders to sell a specified number of such Resale Shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The Selling Shareholders may also sell Resale Shares under Rule 144 under the Securities Act, if all of the conditions in Rule 144(i)(2) are satisfied at the time of the proposed sale, rather than under this prospectus.

In connection with the sale of the Resale Shares or interests therein, the Selling Shareholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the Resale Shares in the course of hedging the positions they assume. The Selling Shareholders may also sell the Resale Shares short and deliver these securities to close out their short positions, or loan or pledge the Resale Shares to broker-dealers that in turn may sell these securities. The Selling Shareholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of Resale Shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

Broker-dealers engaged by the Selling Shareholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Shareholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The Selling Shareholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The Selling Shareholders may from time to time pledge or grant a security interest in some or all of the Resale Shares owned by them and, if they default in the performance of their secured obligations, the amendment or supplement to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 will be filed amending the list of Selling Shareholders to include the pledgee, transferee or other successors in interest as Selling Shareholders under this prospectus and the pledgees or secured parties may offer and sell Resale Shares from time to time under the supplement or amendment to this prospectus.

The Selling Shareholders also may transfer the Resale Shares in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The Selling Shareholders are subject to certain lock up agreements which, subject to certain exceptions, prevent them from selling or otherwise disposing of any of our shares, or any securities convertible into or exercisable or exchangeable for shares for certain periods of time (respectively, a "Lock Up Period"). The Lock Up Period for the Series A Note Investors is 180 days following the effective date of this Offering and the date our Class A Ordinary Shares commence trading on NASDAQ Global Market; the Lock Up Period for the Bond holder is 90 days. None of the Selling Shareholders may sell their shares prior to the end of their respective Lock Up Period without the prior written consent of the Underwriters. The Underwriters may in their sole discretion and at any time without notice (except in the case of officers and directors) release some or all of the shares subject to lock-up agreements prior to the expiration of the Lock Up Period. When determining whether or not to release shares from the lock-up agreements, the underwriters may consider, among other factors, the shareholder's reasons for requesting the release, the number of shares for which the release is being requested and market conditions at the time.

The Selling Shareholders and any broker-dealers or agents that are involved in selling the Resale Shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the Resale Shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any, that can be attributed to the sale of Resale Shares will be paid by the Selling Shareholder and/or the purchasers. Each Selling Shareholder has represented and warranted to the Company that it acquired the securities subject to this registration statement in the ordinary course of such Selling Shareholder's business and, at the time of its purchase of such securities such Selling Shareholder had no agreements or understandings, directly or indirectly, with any person to distribute any such securities.

Boustead is a registered broker dealer and Financial Industry Regulatory Authority ("FINRA") member firm and listed as a Selling Shareholder in this prospectus. Boustead served as placement agent for our Series A Note Offering, which was completed on May 15, 2018 and as one of the placement agents for our Bond Offering, which was completed on April 6, 2018.

Pursuant to the engagement agreement with Boustead, as amended, we paid Boustead a cash fee of $68,516 and issued them the Series A Note PA Warrants for their placement agent services for the Series A Note Offering. In addition, we paid Boustead a cash fee of $600,000 and the Bond PA Warrants for their placement agent services for the Bond Offering. The Resale Shares issuable upon exercise of Boustead's placement agent warrants are transferable within Boustead or to its assigns or designees, at the discretion of Boustead, and in accordance with the Securities Act of 1933, as amended. Prior to the commencement of this Offering, Boustead assigned its Series A Note PA Warrants and Bond PA Warrants to a non-affiliate; the assignment is non-recourse. Boustead also participated in the Series A Note Offering as an investor with a purchase of Series A Notes in the amount of $150,000.

Boustead is one of the underwriters in this Offering. Boustead does not have an underwriting agreement with the Selling Shareholders and no Selling Shareholder is required to execute transactions through Boustead. Further, other than any existing brokerage relationship as customers with Boustead, no Selling Shareholder has any pre-arranged agreement, written or otherwise, with Boustead to sell their securities through Boustead.

FINRA Rule 5110 requires FINRA member firms (unless an exemption applies) to satisfy the filing requirements of Rule 5110 in connection with the resale, on behalf of Selling Shareholders, of the securities on a principal or agency basis. NASD Notice to Members 88-101 states that in the event a Selling Shareholder intends to sell any of the shares registered for resale in this prospectus through a member of FINRA participating in a distribution of our securities, such member is responsible for insuring that a timely filing, if required, is first made with the Corporate Finance Department of FINRA and disclosing to FINRA the following:

- it intends to take possession of the registered securities or to facilitate the transfer of such certificates;
- the complete details of how the Selling Shareholders' shares are and will be held, including location of the particular accounts;

- whether the member firm or any direct or indirect affiliates thereof have entered into, will facilitate or otherwise participate in any type of payment transaction with the Selling Shareholders, including details regarding any such transactions; and

- in the event any of the securities offered by the Selling Shareholders are sold, transferred, assigned or hypothecated by any Selling Shareholder in a transaction that directly or indirectly involves a member firm of FINRA or any affiliates thereof, that prior to or at the time of said transaction the member firm will timely file all relevant documents with respect to such transaction(s) with the Corporate Finance Department of FINRA for review.

We have advised each Selling Shareholder that it may not use shares registered on this registration statement to cover short sales of Resale Shares made prior to the date on which this registration statement shall have been declared effective by the SEC. If a Selling Shareholder uses this prospectus for any sale of the Resale Shares, it will be subject to the prospectus delivery requirements of the Securities Act. The Selling Shareholders will be responsible to comply with the applicable provisions of the Securities Act and Exchange Act, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such Selling Shareholders in connection with resales of their respective Resale Shares under this registration statement.

We are required to pay all fees and expenses incident to the registration of the Resale Shares, but the Company will not receive any proceeds from the sale of the Resale Shares. The Company has agreed to indemnify the Selling Shareholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this Offering, no public market existed for our Class A Ordinary Shares. We cannot assure you that a liquid trading market for our ordinary shares will develop on NASDAQ or be sustained after this Offering. Once approved for listing on NASDAQ, sales of substantial amounts of our Class A Ordinary Shares following this Offering, or the perception that these sales could occur, could adversely affect prevailing market prices of our Class A Ordinary Shares and could impair our future ability to obtain capital, especially through an offering of equity securities.

Given the automatic conversion terms of Series A Notes and Bonds, we will have an aggregate of 7,678,621 Class A Ordinary Shares (for maximum offering amount) or 6,412,799 (for minimum offering amount) outstanding immediately upon the closing of this Offering.

Of these shares, the 2,252,240 Class A Ordinary Shares (after receiving the maximum offering amount) or 986,418 Class A Ordinary Shares (after receiving the minimum offering amount) sold in this Offering by us or the Selling Shareholders, will be freely tradable without restriction or further registration under the Securities Act (for the included Selling Shareholders - 353,506 Resale Shares – once sold pursuant to this prospectus upon and after its effectiveness, subject to the lock-up agreements described elsewhere in this prospectus), unless purchased by “affiliates” as that term is defined under Rule 144 of the Securities Act, who may sell only the volume of shares described below and whose sales would be subject to additional restrictions described below (the remaining 1,109,285 Class A Ordinary Shares reserved for issuance upon optional conversion of the balance of the Bond issued in the Bond Offering if the holder chooses to convert are also being registered herein and will be subject to the same restrictions as set forth above regarding Selling Shareholders). The remaining 5,426,381 Class A Ordinary Shares, representing approximately 71% or 85% of our outstanding shares, following the maximum offering or minimum offering, respectively, will be held by our existing shareholders. These shares will be “restricted securities” as that phrase is defined in Rule 144 under the Securities Act. Subject to certain contractual restrictions, including the lock-up agreements described below for our officers, directors and greater than 5% shareholders, holders of restricted shares will be entitled to sell those shares in the public market pursuant to an effective registration statement under the Securities Act or if they qualify for an exemption from registration under Rule 144. Sales of these shares in the public market after the restrictions under the lock-up agreements lapse, or the perception that those sales may occur, could cause the prevailing market price to decrease or to be lower than it might be in the absence of those sales or perceptions. As a result of lock-up agreements described below, and the provisions of Rules 144 under the Securities Act, the restricted securities will be available for sale in the public market.

We also agreed to register 80,454 Class A Ordinary Shares underlying the Note PA Warrants and Bond PA Warrants and up to 51,990 Class A Ordinary Shares underlying the Underwriters’ Warrants. Once exercised, of which there can be no guarantee, subject to the relative lock up period described elsewhere in this prospectus, those Class A Ordinary Shares shall be freely tradable without restriction or further registration under the Securities Act.

Upon expiration of the respective lock-up periods after the date of this prospectus, outstanding shares will become eligible for sale, subject in most cases to the limitations of Rule 144.

Days After Date of this Prospectus	Shares Eligible for Sale	Comment
Upon Effectiveness	1,898,734 (for maximum offering amount); 632,912 (for minimum offering amount)	Freely tradable shares sold in the Offering.
90 days	123,254*	Shares saleable under Rule 144 and after expiration of the lock-up.
Six months	3,052,564**	Shares saleable under Rule 144 and after expiration of the lock-up.

* The Bond holder agreed not to directly or indirectly, sell or otherwise transfer any of the shares underlying the Bond for a period of 90 calendar days following the first trading day after the closing of this Offering; up to an additional 1,109,285 Class A Ordinary Shares is therefore subject to such lock-up period if so issued.
** Up to an additional 51,990 and 80,454 Class A Ordinary Shares underlying the Underwriters’ Warrants and placement agent warrants, respectively fit into this category, if and upon exercise of same.

Regulation S

Regulation S under the Securities Act provides an exemption from registration requirements in the United States for offers and sales of securities that occur outside the United States. Rule 903 of Regulation S provides the conditions to the exemption for a sale by an issuer, a distributor, their respective affiliates or anyone acting on their behalf, while Rule 904 of Regulation S provides the conditions to the exemption for a resale by persons other than those covered by Rule 903. In each case, any sale must be completed in an offshore transaction, as that term is defined in Regulation S, and no directed selling efforts, as that term is defined in Regulation S, may be made in the United States.

We are a foreign issuer as defined in Regulation S. As a foreign issuer, securities that we sell outside the United States pursuant to Regulation S are not considered to be restricted securities under the Securities Act, and are freely tradable without registration or restrictions under the Securities Act, unless the securities are held by our affiliates. Generally, subject to certain limitations, holders of our restricted shares who are not our affiliates or who are our affiliates solely by virtue of their status as an officer or director of us may, under Regulation S, resell their restricted shares in an "offshore transaction" if none of the seller, its affiliate nor any person acting on their behalf engages in directed selling efforts in the United States and, in the case of a sale of our restricted shares by an officer or director who is an affiliate of us solely by virtue of holding such position, no selling commission, fee or other remuneration is paid in connection with the offer or sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. Additional restrictions are applicable to a holder of our restricted shares who will be an affiliate of us other than by virtue of his or her status as an officer or director of us.

We are not claiming the potential exemption offered by Regulation S in connection with the offering of newly issued shares outside the United States and will register all of the newly issued shares under the Securities Act.

Rule 144

In general, under Rule 144, beginning ninety days after the date of this prospectus, a person who is not our affiliate and has not been our affiliate at any time during the preceding three months will be entitled to sell any ordinary shares that such person has held for at least six months, including the holding period of any prior owner other than one of our affiliates, without regard to volume limitations. Sales of our ordinary shares by any such person would be subject to the availability of current public information about us if the shares to be sold were held by such person for less than one year.

In addition, under Rule 144, a person may sell our ordinary shares acquired from us immediately upon the completion of this Offering, without regard to volume limitations or the availability of public information about us, if:

- the person is not our affiliate and has not been our affiliate at any time during the preceding three months; and
- the person has beneficially owned the shares to be sold for at least six months, including the holding period of any prior owner other than one of our affiliates.

Beginning ninety days after the date of this prospectus, our affiliates who have beneficially owned our ordinary shares for at least six months, including the holding period of any prior owner other than another of our affiliates, would be entitled to sell within any three-month period those shares and any other shares they have acquired that are not restricted securities, provided that the aggregate number of shares sold does not exceed the greater of:

- 1% of the number of our ordinary shares then outstanding, which will equal approximately ordinary shares immediately after this Offering; or
- the average weekly trading volume in our ordinary shares on the listing exchange during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates are generally subject to the availability of current public information about us, as well as certain "manner of sale" and notice requirements.

Lock-up Agreements

See “Description of Share Capital – Lock-up Agreements” for a description of the lock up agreement imposed upon certain of our shareholders.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock or option plan or other written agreement relating to compensation is eligible to resell such ordinary shares 90 days after we became a reporting company under the Exchange Act in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144. However, these shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our Memorandum and Articles, the Companies Law, the common law of the Cayman Islands, our corporate governance documents and rules and regulations of the stock exchange on which are shares are traded.

As of the date of the prospectus, the authorized share capital of the Company is $100,000,000, consisting of 60,000,000 Class A Ordinary Shares, par value $1.00 each and 40,000,000 Class B Ordinary Shares, par value $1.00 each. As of the date of this prospectus, 5,426,381 Class A Ordinary Shares and 22,437,754 Class B Ordinary Shares are issued and outstanding. All of our issued and outstanding Class A Ordinary Shares and Class B Ordinary Shares are fully paid. Immediately upon the completion of the maximum and minimum Offering, there will be 7,678,621 or 6,412,799 Class A Ordinary Shares outstanding, respectively; if the Class B Ordinary Shares are converted, there will be 30,116,375 or 28,850,552 outstanding following the maximum and minimum offering, respectively.

Ordinary Shares

The following are summaries of material provisions of our Memorandum and Articles, corporate governance policies and the Companies Law insofar as they relate to the material terms of our Class A Ordinary Shares and Class B Ordinary Shares.

Objects of Our Company

Under our Memorandum and Articles, the objects of our Company are unrestricted and we have the full power and authority to carry out any object not prohibited by the law of the Cayman Islands.

Share Capital

Our authorized share capital is divided into Class A Ordinary Shares and Class B Ordinary Shares. Holders of our Class A Ordinary Shares and Class B Ordinary Shares will have the same rights except for voting rights and conversion rights.

The holders of Class A Ordinary Shares are entitled to one vote for each such share held and shall be entitled to notice of any shareholders’ meeting, and, subject to the terms of Memorandum and Articles, to vote thereat. The Class A Ordinary Shares are not redeemable at the option of the holder and are not convertible into shares of any other class.

The holders of Class B Ordinary Shares shall have the right to ten votes for each such share held, and shall be entitled to notice of any shareholders' meeting and, subject to the terms of the Memorandum and Articles, to vote thereat. The Class B Ordinary Shares are not redeemable at the option of the holder but are convertible into Class A Ordinary Shares at any time after issue at the option of the holder on a one to one basis.

Dividends

The holders of our Class A Ordinary Shares and Class B Ordinary Shares are entitled to such dividends as may be declared by our Board of Directors subject to the Companies Law and to our Memorandum and Articles.

Voting Rights

In respect of all matters subject to a shareholders' vote, each Class B Ordinary Share is entitled to ten votes, and each Class A Ordinary Share is entitled to one vote, voting together as one class. Voting at any shareholders' meeting is by show of hands unless a poll is demanded by the chairman or persons holding certain amounts of shares as set forth in the Memorandum and Articles. Actions that may be taken at a general meeting also may be taken by a unanimous resolution of the shareholders in writing.

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; two members present in person or by proxy, one of whom shall be the holder of the majority of the shares in the Company, shall be a quorum provided always that if the Company has one member of record the quorum shall be that one member present in person or by proxy. An ordinary resolution to be passed at a general meeting requires the affirmative vote of a simple majority of the votes cast, while a special resolution requires the affirmative vote of at least two-thirds of votes cast at a general meeting. A special resolution will be required for important matters.

A special resolution of members is required to change the name of the Company, approve a merger, wind up the Company, amend the Memorandum and Articles and reduce the share capital.

Conversion

Class A Ordinary Shares are not convertible. Each Class B Ordinary Share shall be convertible, at the option of the holder thereof, into such number of fully paid and non-assessable Class A Ordinary Shares on the basis that one Class B Ordinary Share shall be converted into one Class A Ordinary Share (being a 1:1 ratio and hereafter referred to as the "**Conversion Rate**"), subject to adjustment.

Transfer of Ordinary Shares

Subject to the restrictions set out below, any of our shareholders may transfer all or any of his, its or her Class A Ordinary Shares or Class B Ordinary Shares by an instrument of transfer in the usual or common form or any other form approved by our Board of Directors or in a form prescribed by the stock exchange on which our shares are then listed.

Our Board of Directors may, in its sole discretion, decline to register any transfer of any Class A Ordinary Shares or Class B Ordinary Shares whether or not it is fully paid up to the total consideration paid for such shares. Our directors may also decline to register any transfer of any Class A Ordinary Shares or Class B Ordinary Shares if (a) the instrument of transfer is not accompanied by the certificate covering the shares to which it relates or any other evidence as our Board of Directors may reasonably require to prove the title of the transferor to, or his/her right to transfer the shares; or (b) the instrument of transfer is in respect of more than one class of shares.

If our directors refuse to register a transfer, they shall, within two months after the date on which the instrument of transfer was lodged, send to the transferee notice of such refusal.

The registration of transfers may be suspended and the register closed at such times and for such periods as our Board of Directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year.

Winding-Up/Liquidation

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of shares), a liquidator may be appointed to determine how to distribute the assets among the holders of the Class A Ordinary Shares and Class B Ordinary Shares. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately; a similar basis will be employed if the assets are more than sufficient to repay the whole of the capital at the commencement of the winding up.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Our Board of Directors may from time to time make calls upon shareholders for any amounts unpaid on their Class A Ordinary Shares or Class B Ordinary Shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid on the specified time are subject to forfeiture.

Redemption of Shares

We may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner as may be determined by our Board of Directors.

Variations of Rights of Shares

All or any of the special rights attached to any class of shares may, be varied with the resolution of at least two thirds of the issued shares of that class or a resolution passed at a general meeting of the holders of the shares of that class present in person or by proxy or with the consent in writing of the holders of at least two-thirds of the issued shares of that class.

Inspection of Books and Records

Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Companies Law or authorized by the Directors or by the Company in a general meeting. However, the Directors shall from time to time cause to be prepared and to be laid before the Company in a general meeting, profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by Companies Law. (See “Where You Can Find More Information”)

Issuance of Additional Shares

Our Memorandum and Articles authorize our Board of Directors to issue additional Class A Ordinary Shares or Class B Ordinary Shares from time to time as our Board of Directors shall determine, to the extent there are available authorized but unissued shares.

Our Memorandum and Articles also authorizes our Board of Directors to establish from time to time one or more series of preferred shares and to determine, subject to compliance with the variation of rights of shares provision in the Memorandum and Articles, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our Board of Directors may, issue preferred shares without action by our shareholders to the extent there are authorized but unissued shares available. Issuance of additional shares may dilute the voting power of holders of Class A Ordinary Shares and Class B Ordinary Shares. However, our Memorandum of Association provides for authorized share capital comprising Class A Ordinary Shares and Class B Ordinary Shares and to the extent the rights attached to any class may be varied, the Company must comply with the provisions in the Memorandum and Articles relating to variations to rights of shares.

Anti-Takeover Provisions

Some provisions of our Memorandum and Articles may discourage, delay or prevent a change of control of our Company or management that shareholders may consider favorable, including provisions that:

- authorize our Board of Directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders (subject to variation of rights of shares provisions in our Memorandum and Articles); and

- limit the ability of shareholders to requisition and convene general meetings of shareholders. Our Memorandum and Articles allow our shareholders holding shares representing in aggregate not less than ten percent of our paid up share capital (as to the total consideration paid for such shares) in issue to requisition an extraordinary general meeting of our shareholders, in which case our directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our Memorandum and Articles for a proper purpose and for what they believe in good faith to be in the best interests of our Company.

General Meetings of Shareholders and Shareholder Proposals

Our shareholders' general meetings may be held in such place within or outside the Cayman Islands as our Board of Directors considers appropriate.

As a Cayman Islands exempted company, we are not obliged by the Companies Law to call shareholders' annual general meetings. However, our Memorandum and Articles provide that we shall hold a general meeting in each year as our annual general meeting other than the year in which the Memorandum and Articles were adopted at such time and place as determined by the directors. The directors may, whenever they think fit, convene an extraordinary general meeting.

Shareholders' annual general meetings and any other general meetings of our shareholders may be convened by a majority of our Board of Directors. Our Board of Directors shall give not less than seven days' written notice of a shareholders' meeting to those persons whose names appear as members in our register of members on the date the notice is given (or on any other date determined by our directors to be the record date for such meeting) and who are entitled to vote at the meeting.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our Memorandum and Articles allow our shareholders holding shares representing in aggregate not less than ten percent of our paid up share capital (as to the total consideration paid for such shares) in issue to requisition an extraordinary general meeting of our shareholders, in which case our directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; otherwise, our Memorandum and Articles do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Exempted Company

We are an exempted company with limited liability under the Companies Law. The Companies Law distinguishes between ordinary resident companies and exempted companies. A Cayman Islands exempted company:

- is a company that conducts its business mainly outside of the Cayman Islands;

- is exempted from certain requirements of the Companies Law, including the filing an annual return of its shareholders with the Registrar of Companies or the Immigration Board;

- does not have to make its register of members open for inspection;

- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value (subject to the provisions of the Companies Law);
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance); and
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Register of Members

Under Cayman Islands law, we must keep a register of members and there should be entered therein:

- the names and addresses of the members, a statement of the shares held by each member, and of the amount paid or agreed to be considered as paid, on the shares of each member;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under Cayman Islands law, the register of members of our Company is prima facie evidence of the matters set out therein (i.e. the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a member registered in the register of members is deemed as a matter of Cayman Islands law to have legal title to the shares as set against its name in the register of members. Once our register of members has been updated, the shareholders recorded in the register of members are deemed to have legal title to the shares set against their name.

If the name of any person is incorrectly entered in, or omitted from, our register of members, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a member of our Company, the person or member aggrieved (or any member of our Company or our Company itself) may apply to the Cayman Islands Grand Court for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Memorandum and Articles require us to indemnify our officers and directors for actions, proceedings, claims, losses, damages, costs, liabilities and expenses ("Indemnified Losses") incurred in their capacities as such unless such Indemnified Losses arise from dishonesty of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Convertible Bond

As of the date of this prospectus, we have a $15,000,000 Bond outstanding; we were required to pay a structuring fee equal to 2% of the principal amount of the Bond to the subscriber at issuance. The following are summaries of material terms of the Subscription Agreement for the Bond and the Bond itself; such summaries do not purport to be a complete description of the terms, the Subscription Agreement or any transactions contemplated by the Subscription Agreement and you are urged to read the agreements in their entirety.

Conversion

Upon the closing of this Offering, 10% of the then-outstanding Principal Amount shall automatically convert into Class A Ordinary Shares. The holders of the Bond also maintain the right to convert the Bond following the closing of this Offering, until the earlier of: (i) the date falling 12 calendar months after the Maturity Date or the Extended Maturity Date (as such terms are defined in the Bond), as the case may be (both days inclusive); and (ii) the date falling 12 calendar months after the closing of this Offering. Subject to adjustment, the Bond shall convert at the following conversion price (the "Conversion Price"):

(A) if this Offering closes on or before the date falling 12 calendar months after April 25, 2018 (the date we issued the Bond), at a discount of 23.0% to the initial public offering price; or

(B) if this Offering closes after the date falling 12 calendar months after April 25, 2018, at a discount of 28.0% to the initial public offering price.

If any interest has been accrued and/or paid by us to the holders of the Bond prior to the closing of this Offering, 50% of such accrued or paid interest shall be deducted from the discount set forth above when determining the Bond Conversion Price. The number of Class A Ordinary Shares to be issued upon conversion of the Bond shall be determined by dividing the principal amount of the Bond to be converted by the Conversion Price in effect on the relevant conversion date.

Interest

The Bond accrue interest at the rate of 8% per annum, payable semi-annually in arrears in equal instalments of $10,000 per Calculation Amount (as defined below) on the date falling on the 6th calendar month following the Issue Date and the date falling on the 12th calendar month following the Issue Date, and if the Maturity Date is extended to the Extended Maturity Date, on the date falling on the 18th calendar month following the Issue Date.

Interest in respect of any Bond shall be calculated per $250,000 in principal amount of the Bond (the "Calculation Amount"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of 8% per annum, the Calculation Amount and the day-count fraction (as determined in accordance with the formula set forth in Schedule 1 to the Subscription Agreement) for the relevant period, rounding the resulting figure to the nearest cent ($0.005 being rounded upward).

The interest rate shall increase upon the occurrence of an event of default, as set forth in Schedule 1 to the Subscription Agreement (the "Default Interest Rate").

Event of Default

Upon the occurrence of an event of default, the holder of the Bond may give us and Jurchen notice that the Bond are, and they shall immediately become, due and repayable at their principal amount together with interest, at the Default Interest Rate.

Events of default include non-payment of any sums due under the Bond, failure to deliver any shares due under the Bond, breach of our covenants, representations and warranties, breach of our obligations under other liabilities or indebtedness, enforcement proceedings, our insolvency, if the holders of the Bond cease to have adequate control over the Debt Service Reserve Account and if the guarantee or security rights are not enforceable. The Subscription Agreements allows for some cure periods and/or notice prior to declaring the Bond due.

Redemption Rights

So long as any Bond remains outstanding, we may redeem such outstanding Bond in whole, but not in part, in accordance with the terms set forth in Schedule 1 to the Subscription Agreement, by giving not less than 15 days' notice to the holders of the Bond. We are entitled to exercise this option so long as an Event of Default has not occurred and is not continuing.

Following the occurrence of certain specified events, including if our Class A Ordinary Shares cease to be listed on the relevant stock exchange or a change in control, the holders of the Bond have the right to require us to redeem all but not some of the Bond at the rate of 100% of the outstanding Bond, including interest and agreed upon premiums.

Security and Guarantee

Pursuant to the Subscription Agreement we are required to deposit that amount of money equal to (i) 2% of the Principal Amount plus (ii) the amount of Peace Range's expenses, which shall be agreed in writing between us and Peace Range five business days prior to the Issue Date, plus (iii) an amount in US dollars equal to the aggregate amount of interest due and payable for two consecutive interest periods commencing from, and including, the Interest Date, into a separate escrow account (the "Debt Service Reserve Account"), over which the holders of the Bond maintain control while the Bond remains outstanding. Peace Range's expenses are subject to a limit of $250,000, $225,000 of which we paid prior to signing the Subscription Agreement; Peace Range is also entitled to reimbursement, subject to a $25,000 annual limit, for costs and expenses in relation to the on-going monitoring of our business and operations in accordance with the terms of the Bond.

Our obligations, along with those of Jurchen under the Bond and in connection with the transaction contemplated thereby are secured by: (i) 1,393,207 Class B Ordinary Shares, representing 5% of the Class A Ordinary Shares issuable upon conversion of our issued and outstanding Class B Ordinary Shares as of the Issue Date, held by Jurchen and (ii) a security interest in the Debt Service Reserve Account.

Negative Covenants

The Subscription Agreement contains certain negative covenants, including our inability to incur certain liabilities before and after the closing of this Offering without the Bond holders' prior written consent, limits on our ability to issue equity securities and limits on certain corporate actions.

Voting Rights

Pursuant to the Subscription Agreement, Jurchen agreed to exercise its voting rights in our Company to have one board observer or one Non-Executive Director nominated by Peace Range to be appointed to our Board of Directors in the future.

Lock-Up

So long as an event of default under the Bond is not occurring, Peace Range agreed not to directly or indirectly, sell or otherwise transfer any of the shares underlying the Bond for a period of 90 calendar days following the first trading day after the closing of this Offering.

Termination Rights

Peace Range maintains the right to terminate the Subscription Agreement prior to the Issue Date under certain circumstances, including our breach of any of our representations, warranties or undertakings or a change in national or international economic conditions that Peace Range believes would materially prejudice the success of the transaction contemplated by the Subscription Agreement. Following such termination, we shall remain liable to pay certain fees to Peace Range, as set forth in the Subscription Agreement.

We maintain the right to terminate the Subscription Agreement prior to the Issue Date if Peace Range breaches any of its representations and warranties or upon the occurrence of an event that renders such untrue or incorrect. Following such termination, we shall remain liable for Peace Range's out of pocket expenses (including legal and due diligence fees).

Bond PA Warrants

As of the date of this prospectus, we have Bond PA Warrants outstanding. The following are summaries of material terms of the Bond PA Warrants; such summaries do not purport to be a complete description of the terms of the Bond PA Warrants and you are urged to read the warrant agreement in its entirety.

Upon closing of the Bond Offering, we issued Bond PA Warrants to purchase a number of Class A Ordinary Shares equal to 5.5% of the number of Class A Ordinary Shares issuable upon conversion of the Bond, at an exercise price equal to a 23% discount to this Offering price, subject to adjustment. The Bond PA Warrants are exercisable at an exercise price equal to a 23% discount to this Offering price, subject to adjustment. The Bond PA Warrants can be exercised on a cashless basis, at the holder's discretion. The Bond PA Warrants are exercisable, at any time, and from time to time, in whole or in part, within two and one half (2.5) years commencing on or after the closing of this Offering; however, the shares underlying the Bond PA Warrants may not be sold or transferred for a period of six months from the date on which this Offering closes.

Series A Notes

As of the date of this prospectus, we have $1,600,400 Series A Notes outstanding. The following are summaries of material terms of the Series A Notes; such summaries do not purport to be a complete description of the terms of the Series A Notes and you are urged to read the related agreements in their entirety.

Conversion

All outstanding Series A Notes shall be converted automatically upon the closing of this Offering at a 56% discount to the actual price per Class A Ordinary Share paid in this Offering (the "Conversion Price"), subject to adjustment as set forth in the Series A Notes.

Maturity

The Series A Notes shall mature on the earlier of the 12th month anniversary of the issuance date of the Series A Notes and the date when the Company redeems the Series A Notes at the then-outstanding principal amount, provided that we have not consummated this Offering within 12 months of the issuance date of the Series A Notes; otherwise, the Series A Notes mature on the closing of this Offering.

Interest

Commencing from the date of issuance until the maturity of the Series A Notes, interest shall accrue on the outstanding unconverted and unpaid principal amount of the Series A Notes at 1% per annum and shall be compounded annually.

Event of Default

Pursuant to the terms of the Series A Notes, certain events of default require the holders of the Series A Notes to provide us with notice prior to declaring the Series A Notes immediately due and payable and other events do not require any notice. If we fail to pay any amounts due under the Series A Notes and do not cure such failure within three days after the due date, until such time as we make the required payment, interest shall accrue at 10% per annum.

Other events of default include breach of our covenants, our insolvency and our default on other liability in excess of $500,000.

Voting Rights

Prior to conversion, holders of Series A Notes will not have the right to vote as a shareholder and upon conversion, holders of then Class A Ordinary Shares will have the same voting rights and vote together with the holders of Class A Ordinary Shares, and not as a separate class, except where otherwise required by law.

Ranking

The Series A Notes, before conversion, are senior to all Class A Ordinary Shares and Class B Ordinary Shares with respect to distribution rights upon liquidation and dividend rights.

Dividends

Holders of Series A Notes are entitled to dividends only if, as and when declared by the Company's Board of Directors out of funds legally available therefor.

Registration Rights

We agreed to register the Class A Ordinary Shares underlying the Series A Notes in this registration statement.

Lock-up

The holders of Series A Notes are required to enter into a lock-up agreement with the Company and the Placement Agent that prohibits the Series A Note Investors from, directly or indirectly, offering, selling, pledging or otherwise transferring or disposing of any of the Class A Ordinary Shares underlying the Series A Notes for a period of six months following the effective date of this prospectus and that our stock is traded on NASDAQ.

Negative Covenants

The Series A Notes contain certain negative covenants, including our inability to incur certain liabilities without the Series A Note Investors' prior written consent and limits on certain corporate actions.

Series A Note PA Warrants

As of the date of this prospectus, we have a Series A Note PA Warrants outstanding. The following are summaries of material terms of the Series A Note PA Warrants; such summaries do not purport to be a complete description of the terms of the Series A Note PA Warrants and you are urged to read the warrant agreement in its entirety.

Upon closing of the Series A Note Offering, we issued Series A Note PA Warrants to purchase that number of Class A Ordinary Shares equal to an aggregate of five and one half percent (5.5%) of the principal amount of the Series A Notes sold in the Series A Note Offering. The exercise price of the Series A Note PA Warrants is equal to a 56% discount to the actual price per Class A Ordinary Share paid in this Offering, subject to adjustment as set forth in the warrant agreement, and are also exercisable on a cashless basis. The Series A Note PA Warrants are exercisable, at any time, and from time to time, in whole or in part, within two and one half (2.5) years commencing on or after the closing of this Offering; however, the shares underlying the Series A Note PA Warrants may not be sold or transferred for a period of six months from the date on which this Offering closes.

Underwriter's Warrants

Please see "Underwriting – Underwriter's Warrants" below for a full description of the warrants (and shares underlying such warrants) that we are issuing to the Underwriter in connection with this Offering.

Differences in Corporate Law

The Companies Law is modeled after that of English law but does not follow many recent English law statutory enactments. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of some of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the State of Delaware.

Mergers and Similar Arrangements. The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, a "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company.

In order to effect a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by a special resolution of the shareholders of each constituent company, and such other authorization, if any, as may be specified in such constituent company's articles of association.

The plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to: the solvency of the consolidated or surviving company, the merger or consolidation being bona fide and not intended to defraud creditors, no petition or other proceeding, order or resolution to wind up the Company, no receiver, administrator or similar having been appointed over assets or property and no scheme or other arrangement having been entered into with creditors; a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company; and that notification of the merger and consolidation will be published in the Cayman Islands Gazette. The non-surviving constituent company must have resigned from any fiduciary office held or will do so and each constituent company having complied with any applicable regulatory laws. Dissenting shareholders have the right to be paid the fair value of their shares if they follow the required procedures under the Companies Law subject to certain exceptions. The fair value of the shares will be determined by the Cayman Islands court if it cannot be agreed among the parties. Court approval is not required for a merger or consolidation effected in compliance with these statutory procedures.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands.

While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question;
- the arrangement is such that an intelligent and honest man of that class acting in respect of his interest would reasonably approve; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law or that would amount to a "fraud on the minority."

When a take-over offer is made and accepted by holders of not less than 90% of the shares within four months, the offer, or may, within a two-month period commencing on the expiration of such four months period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or ultra vires and is therefore incapable of ratification by the shareholders;
- the act complained of, although not ultra vires, could only be duly effected if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability. The Companies Law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. As stated above, our Memorandum and Articles permit indemnification of officers and directors for actions, proceedings, claims, losses, damages, costs, liabilities and expenses ("Indemnified Losses") incurred in their capacities as such unless such losses or damages arise from dishonesty of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation. As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he or she owes the following duties to the company: a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his or her position as director (unless the company permits him or her to do so) and a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third-party. Our Memorandum and Articles do not disqualify a director from acting or from contacting with the Company as a vendor, purchaser or otherwise provided that it does not adversely affect his or her performance of duties or responsibilities and the nature of the interest is disclosed at the meeting at which the contract or arrangement is considered (if not previously disclosed), and having disclosed such interest the director is not counted in the quorum and must refrain from voting on the contract or arrangement. A director of a Cayman Islands company also owes to the company a duty to exercise the powers for the purpose for which they were given and the duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, courts are moving towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our Memorandum and Articles provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings. The Companies Law provides shareholders with only limited rights to requisition a general meeting and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in articles of association. Our Memorandum and Articles allow our shareholders holding not less than 1/10 of all voting power of our (paid up) share capital in issue to requisition a shareholder's meeting. Other than this right to requisition a shareholders' meeting, our Memorandum and Articles do not provide our shareholders other rights to put proposal before a meeting. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings although our Memorandum and Articles provide for same.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the Companies Law but our Memorandum and Articles do not provide for cumulative voting.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a may be removed with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our Memorandum and Articles, directors may be removed with or without cause, by the directors or by an ordinary resolution of our shareholders.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors. The Cayman Islands has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders. Our Memorandum and Articles, as well as our Code of Business Conduct and Ethics that applies to our officers, directors and employees outlines how to handle these types of transactions and other potential conflicts of interest.

Dissolution; Winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under the Companies Law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Law a company may be dissolved, liquidated or wound up by a special resolution of our shareholders; however, under our Memorandum and Articles, only our Directors have power to present a winding up petition in the name of the Company and/or to apply for the appointment of provisional liquidators in respect of the Company.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under the Companies Law and our Memorandum and Articles, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the written consent of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As permitted by the Companies Law, each of our Memorandum of Association and Articles of Association may only be amended with a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our Memorandum and Articles on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our Memorandum and Articles governing the ownership threshold above which shareholder ownership must be disclosed.

Lock-up Agreements

In connection with this Offering, all of our directors and executive officers, the Series A Note Investors, the holder of the Bond and substantially all of our existing shareholders, have signed lock-up agreements which, subject to certain exceptions, prevent them from selling or otherwise disposing of any of our shares, or any securities convertible into or exercisable or exchangeable for shares for a period of not less than 180 days, or 90 days for the Bond holder, from the effective date of this prospectus (each, a "Lock Up Period"), without the prior written consent of the underwriters. The underwriters may in their sole discretion and at any time without notice (except in the case of officers and directors) release some or all of the shares subject to lock-up agreements prior to the expiration of the Lock Up Period. When determining whether or not to release shares from the lock-up agreements, the underwriters may consider, among other factors, the shareholder's reasons for requesting the release, the number of shares for which the release is being requested and market conditions at the time.

Rule 144

Shares Held for Six Months

In general, under Rule 144 as currently in effect, and subject to the terms of any lock-up agreement, commencing 90 days after the closing of this Offering, a person (or persons whose shares are aggregated), including an affiliate, who has beneficially owned our Class A Ordinary Shares for six months or more, including the holding period of any prior owner other than one of our affiliates (i.e., commencing when the shares were acquired from our Company or from an affiliate of our Company as restricted securities), is entitled to sell our shares, subject to the availability of current public information about us. In the case of an affiliate shareholder, the right to sell is also subject to the fulfillment of certain additional conditions, including manner of sale provisions and notice requirements, and to a volume limitation that limits the number of shares to be sold thereby, within any three-month period, to the greater of:

- 1% of the number of Class A Ordinary Shares then outstanding; or
- the average weekly trading volume of our Class A Ordinary Shares on the NASDAQ Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

The six-month holding period of Rule 144 does not apply to sales of unrestricted securities. Accordingly, persons who hold unrestricted securities may sell them under the requirements of Rule 144 described above without regard to the six-month holding period, even if they were considered our affiliates at the time of the sale or at any time during the 90 days preceding such date.

Shares Held by Non-Affiliates for One Year

Under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who is not considered to have been one of our affiliates at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than one of our affiliates, is entitled to sell his, her or its shares under Rule 144 without complying with the provisions relating to the availability of current public information or with any other conditions under Rule 144. Therefore, unless subject to a lock-up agreement or otherwise restricted, such shares may be sold immediately upon the closing of this Offering.

Registration Rights

Pursuant to the terms of the Bond, we agreed to register the Class A Ordinary Shares underlying the Bond in this registration statement. We also agreed to register the Class A Ordinary Shares underlying the Bond PA Warrants in this registration statement.

Piggyback Registration Rights

Pursuant to the terms of the Series A Note Offering, the Series A Note Investors received piggyback registration rights with respect to the Class A Ordinary Shares underlying the Series A Notes (the "Conversion Shares") that entitle the Series A Note Investors to request their securities be included in a future Securities Act registration statement that is filed after this Offering. If so requested, the Company will include in such future registration statement, all Conversion Shares on a pro rata basis based upon the total number of Conversion Shares with respect to which the Company has received written requests for inclusion within fifteen (15) business days after the applicable holder's receipt of the Company's notice that it is filing such a registration statement. The piggyback registration rights described herein, also apply to the Class A Ordinary Shares underlying the warrants issued to the placement agent in the Series A Note Offering.

TAXATION

The following summary contains a description of certain Cayman Islands and U.S. federal income tax consequences of the acquisition, ownership and disposition of Class A Ordinary Shares. Please note that this summary should not be considered a comprehensive description of all the tax considerations that may be relevant to the decision to purchase Class A Ordinary Shares. The summary is based upon the tax laws of the Cayman Islands and regulations thereunder and on the tax laws of the United States and regulations thereunder as of the date hereof, which are subject to change.

Cayman Islands Tax Considerations

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties which are applicable to any payments made by or to our Company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our Class A Ordinary Shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our Class A Ordinary Shares, nor will gains derived from the disposal of our Class A Ordinary Shares be subject to Cayman Islands income or corporation tax.

No stamp duty is payable in respect of the issue of our Class A Ordinary Shares or on an instrument of transfer in respect of our Class A Ordinary Shares except on instruments executed in, or brought within, the jurisdiction of the Cayman Islands.

Material U.S. Federal Income Tax Considerations for U.S. Holders

The following is a description of the material U.S. federal income tax consequences to U.S. Holders (as defined below) of purchasing, owning and disposing of Class A Ordinary Shares. It is not a comprehensive description of all U.S. federal income tax considerations that may be relevant to a particular person's decision to acquire Class A Ordinary Shares. This discussion applies only to a U.S. Holder that holds a Class A Ordinary Share as a capital asset for U.S. federal income tax purposes (generally, property held for investment). In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including state and local tax consequences, non-U.S. tax consequences, federal estate or gift tax consequences, alternative minimum tax consequences, the potential application of the provisions of the Code known as the Medicare Contribution Tax, and tax consequences applicable to U.S. Holders subject to special rules, such as:

- banks and other financial institutions;
- insurance companies;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding Class A Ordinary Shares as part of a hedging transaction, "straddle," wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the Class A Ordinary Shares;
- persons whose "functional currency" for U.S. federal income tax purposes is not the U.S. dollar;
- tax exempt entities, including "individual retirement accounts" and "Roth IRAs";
- former citizens or long-term residents of the United States;
- entities or arrangements classified as partnerships for U.S. federal income tax purposes;
- regulated investment companies or real estate investment trusts;
- persons who acquired our Class A Ordinary Shares pursuant to the exercise of an employee share option or otherwise as compensation;
- persons that own or are deemed to own ten percent or more of our shares; and
- persons holding Class A Ordinary Shares in connection with a trade or business conducted outside the United States.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds Class A Ordinary Shares, the U.S. federal income tax treatment of such partnership and each partner thereof will generally depend on the status of the partner and the activities of the partnership. Partnerships holding Class A Ordinary Shares and partners in such partnerships are encouraged to consult their tax advisors as to the particular U.S. federal income tax consequences of purchasing, holding and disposing of Class A Ordinary Shares.

The discussion is based on the Code, the Treasury Regulations issued thereunder, and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation. Such change could materially and adversely affect the tax consequences described below.

For purposes of this discussion, a "U.S. Holder" is a holder who, for U.S. federal income tax purposes, is a beneficial owner of Class A Ordinary Shares and that is:

(1) an individual citizen or resident of the United States;

(2) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia;

(3) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

(4) a trust, (i) if a court within the United States is able to exercise primary supervision over its administration and one or more "U.S. persons" (within the meaning of the Code) have the authority to control all of its substantial decisions, or (ii) if a valid election is in effect for the trust to be treated as a U.S. person.

U.S. Holders are encouraged to consult their tax advisors concerning the U.S. federal, state, local and foreign tax consequences of purchasing, owning and disposing of Class A Ordinary Shares in their particular circumstances.

Taxation of Distributions

Subject to the discussion below under "Passive Foreign Investment Company Rules," a U.S. Holder will be required to include in gross income as dividend income the gross amount of any distributions paid on Class A Ordinary Shares (including any amount of taxes withheld), other than certain *pro rata* distributions of Class A Ordinary Shares, to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of our current and accumulated earnings and profits would be treated as a non-taxable return of capital to the extent of the U.S. Holder's adjusted tax basis in the Class A Ordinary Shares and thereafter as a gain from the sale of the Class A Ordinary Shares. However, because we do not calculate our earnings and profits under U.S. federal income tax principles, we expect that distributions generally will be reported to U.S. Holders as dividends.

In case of a U.S. Holder that is a corporation, dividends paid on the Class A Ordinary Shares will be subject to regular corporate rates and will not be eligible for the "dividends received" deduction generally allowed to corporate shareholders with respect to dividends received from U.S. corporations.

Dividends received by an individual, trust or estate will be subject to taxation at standard tax rates. A reduced income tax rate applies to dividends paid by a "qualified foreign corporations" (if certain holding period requirements and other conditions are met). A non-U.S. corporation generally will be considered to be a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive tax treaty with the United States which includes an exchange of information program or (ii) with respect to any dividend it pays on stock which is readily tradable on an established securities market in the United States. US. Treasury Department guidance indicates that our Class A Ordinary Shares, which will be listed on the NASDAQ Global Market will be readily tradable on an established securities market in the United States. There can be no assurance, however, that our Class A Ordinary Shares will be considered readily tradable on an established securities market in later years.

Non-corporate U.S. Holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year (see "Passive Foreign Investment Company Rules" below).

A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on the Class A Ordinary Shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign income tax withheld may instead claim a deduction for U.S. federal income tax purposes in respect of such withholding, but only for a year in which such investor elects to do so for all creditable foreign income taxes. For purposes of calculating the foreign tax credit limitation, dividends paid by us will, depending on the circumstances of the U.S. Holder, be either general or passive income.

While we do not expect to pay dividends in the near future, in the event any dividends are paid and if a dividend is paid in non-U.S. currency, it must be included in a U.S. Holder's income as a U.S. dollar amount based on the exchange rate in effect on the date such dividend is actually or constructively received, regardless of whether the dividend is in fact converted into U.S. dollars. If the dividend is converted to U.S. dollars on the date of receipt, a U.S. Holder generally will not recognize a foreign currency gain or loss. If the non-U.S. currency is converted into U.S. dollars on a later date, however, the U.S. Holder must include in income any gain or loss resulting from any exchange rate fluctuations. Such gain or loss will generally be ordinary income or loss and will be from sources within the United States for foreign tax credit limitation purposes. U.S. Holders should consult their own tax advisors regarding the tax consequences to them if we pay dividends in non-U.S. currency.

Sale or Other Taxable Disposition of Shares

Subject to the discussion below under "Passive Foreign Investment Company Rules," gain or loss realized on the sale or other taxable disposition of Class A Ordinary Shares will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the Class A Ordinary Shares for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the Class A Ordinary Shares disposed of and the amount realized on the disposition. Long-term capital gain of a non-corporate U.S. Holder is generally taxed at preferential rates. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on the disposition of Class A Ordinary Shares, including the availability of the foreign tax credit under an investor's own particular circumstances.

A U.S. Holder that receives non-U.S. currency on the disposition of the Class A Ordinary Shares will realize an amount equal to the U.S. dollar value of the foreign currency received on the date of disposition (or in the case of cash basis and electing accrual basis taxpayers, the settlement date) whether or not converted into U.S. dollars at that time. Very generally, the U.S. Holder will recognize currency gain or loss if the U.S. dollar value of the currency received on the settlement date differs from the amount realized with respect to the Class A Ordinary Shares. Any currency gain or loss on the settlement date or on any subsequent disposition of the foreign currency generally will be U.S.-source ordinary income or loss.

Passive Foreign Investment Company Rules

Special U.S. federal income tax rules apply to a U.S. Holder that holds stock in a foreign corporation classified as a PFIC for U.S. federal income tax purposes. In general, a non-U.S. corporation will be classified as a PFIC for any taxable year in which, after applying certain look-through rules, either:

- at least 75% of its gross income for such taxable year is passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or
- at least 50% of its gross assets (determined on the basis of a quarterly average) is attributable to assets that produce passive income or are held for the production of passive income.

We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the equity.

A separate determination must be made after the close of each taxable year as to whether we are a PFIC for that year. As a result, our PFIC status may change. In particular, the total value of our assets generally will be calculated using the market price of our Class A Ordinary Shares, which may fluctuate considerably. Fluctuations in the market price of our Class A Ordinary Shares may result in our being a PFIC for any taxable year.

Due to the amount of cash that we had on hand during our year ending December 31, 2017, we believe that we were classified as a PFIC for that tax year. Depending on the future composition and value of our assets and how quickly we spend the cash raised in this Offering, we may be classified as a PFIC for 2018, as well, and for future years.

If we were to be classified as a PFIC, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder (i) takes no action, (ii) makes an election to treat us as a "Qualified Electing Fund" (a "QEF election") or (iii) if permitted, makes a "mark-to-market" election with respect to our Class A Ordinary Shares. A U.S. Holder of our Class A Ordinary Shares will also be required under applicable Treasury Regulations to file an annual information return (Form 8621) containing information regarding our company. Additional explanations of the PFIC rules are set forth below: this material is complex and may affect different U.S. Holders differently. Accordingly, U.S. Holders should consult their own tax advisors about the consequences of our company being classified as a PFIC and about what steps, if any, they might take to lessen the tax impact of our PFIC status on them.

A U.S. Holder who does not make a timely QEF or mark-to-market election (a "Non-Electing Holder,"), as discussed below, will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of Class A Ordinary Shares. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the Class A Ordinary Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the Class A Ordinary Shares;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we became a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

It should be noted that, until such time as we make a distribution, there are no tax consequences to Non-Electing Holders. However, if we ever did make a distribution it would in all likelihood be an excess distribution (because we would not have previously made any distributions to holders of Class A Ordinary Shares). At that point, and for all subsequent distributions, the rules described above would apply to Non-Electing Holders. The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the Class A Ordinary Shares cannot be treated as capital, even if you hold the Ordinary Shares as capital assets.

Certain elections may be available that would result in alternative treatments. The adverse consequences of owning stock in a PFIC could be mitigated if a U.S. Holder makes a valid QEF election (a U.S. Holder which we refer to as an "Electing Holder") which, among other things, would require the Electing Holder to include currently in income its pro rata share of the PFIC's net capital gain and ordinary earnings, if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not the Electing Holder actually received distributions from us. When an Electing Holder makes a QEF election, its adjusted tax basis in our Class A Ordinary Shares is increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in our Class A Ordinary Shares and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of our Class A Ordinary Shares.

A U.S. Holder can make a QEF election with respect to any year that we are a PFIC by filing IRS Form 8621 with its U.S. federal income tax return. This election must be made by the deadline (including extensions) for filing the U.S. Holder's federal tax return for the year in question. U.S. Holders should discuss their election alternatives with their own tax advisors. Once an election is made, the Electing Holder is subject to the QEF rules for as long as we are a PFIC.

It should be noted that in order to make a QEF election a U.S. Holder needs information from us concerning our PFIC status and our financial results for the year. We cannot assure our U.S. Holders that we will provide such information.

As an alternative to making a QEF election, a U.S. Holder may make a "mark-to-market" election with respect to our Class A Ordinary Shares provided our Class A Ordinary Shares are treated as "marketable stock." The Class A Ordinary Shares generally will be treated as marketable stock if they are regularly traded on a "qualified exchange or other market" (within the meaning of applicable Treasury Regulations) on at least 15 days during each calendar quarter (other than in de minimis amounts).

If a U.S. Holder makes an effective mark-to-market election, for each taxable year that we are a PFIC, the U.S. Holder will include as ordinary income the excess of the fair market value of its Class A Ordinary Shares at the end of the year over its adjusted tax basis in the Class A Ordinary Shares. You will be entitled to deduct as an ordinary loss in each such year the excess of your adjusted tax basis in the Class A Ordinary Shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's adjusted tax basis in the Class A Ordinary Shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. In addition, upon the sale or other disposition of your Class A Ordinary Shares in a year that we are PFIC, any gain will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount of previously included income as a result of the mark-to-market election.

If a U.S. Holder makes a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the Class A Ordinary Shares are no longer regularly traded on a qualified exchange or other market, or the IRS consents to the revocation of the election. You are urged to consult your tax advisor about the availability of the mark-to-market election, and whether making the election would be advisable in your particular circumstances.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders may be required to report information relating to the Class A Ordinary Shares, subject to certain exceptions (including an exception for Class A Ordinary Shares held in accounts maintained by certain U.S. financial institutions). U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to their purchase, ownership and disposition of the Class A Ordinary Shares.

UNDERWRITING

We intend to offer our securities described in this prospectus, excluding the Class A Ordinary Shares offered by the Selling Shareholders, through Boustead, China Renaissance and AMTD Tiger (collectively, the "Underwriters"). Subject to the terms and conditions of the underwriting agreement we have agreed to issue and sell to the public, on a best efforts basis, at the public offering price less the underwriting fees and commissions set forth on the cover page of this prospectus, a minimum of 632,912 Class A Ordinary Shares and a maximum of 1,898,734 Class A Ordinary Shares on a best efforts basis. The Offering is being made without a firm commitment by the Underwriters, none of which has any obligation or commitment to purchase any securities. The Underwriters may retain other brokers or dealers to act as a sub-agents or selected dealers on their behalf in connection with this Offering.

We do not intend to close this Offering unless we sell at least the minimum number of Class A Ordinary Shares, at a public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus. A copy of each of the underwriting agreement is filed as an exhibit to the registration statement of which this prospectus forms a part.

The Underwriters must sell the minimum number of securities offered (632,912 Class A Ordinary Shares) if any shares are sold. The Underwriters are required to use only their best efforts to sell the securities offered and therefore the Underwriters do not have an obligation to purchase any securities, and, as a result, we may not be able to sell the minimum number of Class A Ordinary Shares. The Offering will terminate upon the earlier of: (i) a date mutually acceptable to us and our Underwriters after which the minimum offering is sold or (ii) 180 days from the effectiveness of this registration statement (and for a period of up to 45 additional days if extended by agreement of the Company and the Underwriters). On the closing date, the following will occur:

- we will receive funds in the amount of the aggregate purchase price of the shares being sold by us on such closing date;
- we will cause to be delivered the Class A Ordinary Shares being sold on such closing date in book-entry form; and
- we will pay the Underwriters their commissions.

Pursuant to an offering deposit account agency agreement among us, Boustead and FinTech Clearing, LLC, an affiliate of Boustead (the "Escrow Agent"), as escrow agent, until at least 632,912 Class A Ordinary Shares are sold, all funds received in payment for securities sold in this Offering will be required to be submitted by subscribers to a non-interest bearing escrow account with the Escrow Agent and will be held by the Escrow Agent for such account. The Underwriters and we shall require all investor wires for payment for the securities to be made for credit to Fintech Clearing as Agent for the Investors in APTORUM GROUP LIMITED. The investors will have sole claim to the proceeds held in trust prior to the receipt of the minimum offering proceeds. The funds are held for the benefit of the investors until the minimum is reached. Prior to reaching the minimum, claims may not be reached by creditors of the Company. If the Underwriters do not sell at least 632,912 Class A Ordinary Shares by 180 days from the effective date of the prospectus (and for a period of up to 45 additional days if extended by agreement of the Company and the Underwriter), all funds will be returned within five business days to subscribers without interest or deduction. If this Offering completes, then on the closing date, net proceeds will be delivered to us and we will issue the Class A Ordinary Shares to purchasers. Unless purchasers instruct us otherwise, we will deliver the shares electronically upon receipt of purchaser funds to the accounts of those purchasers who hold accounts at the Underwriters, or elsewhere, as specified by the purchasers, within seven business days upon the closing of the Offering. Alternately, purchasers who do not carry an account at the Underwriters may request that the shares be held in book-entry at the Company's transfer agent, or may be issued in book-entry at the Company's transfer agent and subsequently delivered electronically to the purchasers' respective brokerage account upon request of the purchasers.

Fees, Commissions and Expense Reimbursement

The following table shows the potential total aggregate cash commissions payable to the Underwriters.

Funds Raised	Amount	Cash Commission Cap Percentage	U.S. Dollar Amount Cap
1st Tranche/Minimum	$ 10,000,000	7.00%	$ 700,000
2nd Tranche	Between $10,000,001 - $20,000,000	6.50%	$ 650,000
3rd Tranche	Between $20,000,001 - $30,000,000	4.38%	$ 438,000
Maximum	$ 30,000,000	5.96%	$ 1,788,000

The following table shows, for each of the minimum and maximum offering amounts, the per share and maximum total public offering price, underwriting fees and commissions to be paid to the Underwriters by us, and proceeds to us, before expenses and assuming a $15.8 per share offering price.

	Per Share	Minimum Offering
Public Offering Price	$ 15.8	$ 10,000,000
Underwriting fees and commissions	1.106	700,000
Proceeds to Us, Before Expenses	$ 14.694	$ 9,300,000

	Per Share	Maximum Offering
Public Offering Price	$ 15.8	$ 30,000,000
Underwriting fees and commissions	0.942	1,788,000
Proceeds to Us, Before Expenses	$ 14.858	$ 28,212,000

Because the actual amount to be raised in this Offering is uncertain, the actual total offering commissions are not presently determinable and may be substantially less than the maximum amount set forth above. The Selling Shareholders do not engage the Underwriters to facilitate the sales of their Class A Ordinary Shares in any manner.

Our obligation to issue and sell securities to the purchasers is subject to the conditions set forth in the subscription agreement, which may be waived by us at our discretion. A purchaser's obligation to purchase securities is subject to the conditions set forth in the subscription agreement as well, which also may be waived.

In addition to the cash commission, we will also reimburse the Underwriters for the full amount of their reasonable out-of-pocket expenses, including their legal expenses (in an amount not to exceed $125,000), $25,000 travelling expenses and $25,000 for a third-party due diligence report incurred by the Underwriters in connection with the Offering.

Boustead also acted as the placement agent in the Series A Note Offering and one of the placement agents for the Bond Offering. For such services, Boustead received: (x) for the Series A Note Offering: (i) a cash success fee of $68,516 and (ii) the Series A Note PA Warrants; and (y) for the Bond Offering: (i) a cash success fee of $600,000 and (ii) the Bond PA Warrants. Boustead also participated in the Series A Note Offering as an investor with a purchase of Series A Notes in the amount of $150,000. The Series A Note Boustead purchased in the Series A Note Offering, the Series A Note PA Warrants and the Bond PA Warrants were assigned to a non-affiliate of Boustead prior to the commencement of the Offering; the assignments are non-recourse.

China Renaissance also acted as a placement agent for the Bond Offering. For such services, China Renaissance received a cash success fee of $150,000.

We estimate that the total expenses of the Offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding Underwriters' fees and commissions, will be approximately $1.7 million, all of which are payable by us.

The Underwriters intend to offer our Class A Ordinary Shares to their retail customers only in states in which we are permitted to offer our Class A Ordinary Shares. We have relied on an exemption to the blue sky registration requirements afforded to "covered securities." Securities listed on the NASDAQ Global Market are "covered securities." If we were unable to meet the NASDAQ Global Market's listing standards, then we would be unable to rely on the covered securities exemption to blue sky registration requirements and we would need to register the Offering in each state in which we planned to sell shares. Consequently, we will not complete this Offering unless we meet the NASDAQ Global Market's listing requirements.

Certain of the underwriters are expected to make offers and sales both inside and outside the United States through their respective selling agents. Any offers or sales in the United States will be conducted by broker-dealers registered with the SEC. AMTD Tiger is not a broker-dealer registered with the SEC and does not intend to make any offers or sales of the shares within the United States or to any U.S. persons. In addition, Aeneas Group Limited, one of the selected dealers of this Offering, is an affiliate of our existing shareholder and is not a broker-dealer registered with the SEC. Therefore, to the extent Aeneas Group Limited intends to make any offers or sales of the Class A Ordinary Shares in the United States, it will do so through Boustead in compliance with applicable securities law and regulations, and FINRA rules.

The foregoing does not purport to be a complete statement of the terms and conditions of the underwriting agreement and subscription agreement. The underwriting agreement and a form of subscription agreement are included as exhibits to the registration statement of which this prospectus forms a part.

Lock-Up Agreements

We and each of our officers, directors, and all existing shareholders agree not to offer, issue, sell, contract to sell, encumber, grant any option for the sale of or otherwise dispose of any Class A Ordinary Shares or other securities convertible into or exercisable or exchangeable for Class A Ordinary Shares for a period of six months from the date on which the trading of the Securities on the NASDAQ Stock Exchange commences without the prior written consent of the Underwriters. As for the Selling Shareholders, the Series A Note Investors agreed to the same lock up period for the Class A Ordinary Shares underlying the Series A Notes; the Bond holder agreed to the same lock up period for the Class A Ordinary Shares underlying the Bond, but for a period of 90 days after the effective date of the registration statement of which this prospectus is a part.

The Underwriters may in their sole discretion and at any time without notice release some or all of the shares subject to lock-up agreements prior to the expiration of the lock-up period. When determining whether or not to release shares from the lock-up agreements, the underwriters will consider, among other factors, the security holder's reasons for requesting the release, the number of shares for which the release is being requested and market conditions at the time.

Underwriter's Warrants

We have agreed to issue to Boustead, warrants to purchase the number of Class A Ordinary Shares equal to specified percentages of the Class A Ordinary Shares sold in this Offering by either Boustead, the Company and/or China Renaissance, depending on the final amount raised in this Offering. The following table shows the percentage of warrants issuable to Boustead based on the terms of our agreement with the Underwriters and assumes, for disclosure purposes only, that each of Boustead and China Renaissance source one-half of the investors in this Offering.

		Boustead	**China Renaissance**
IPO	Warrants	5.0% of the number of Class A Ordinary Shares sourced by the Company Exercisable at $18.96 (120% of initial offering price) for a period of 2.5 years from the date of issuance	N/A
Commission that Exceeds the Threshold		$1,200,000	$800,000
China Renaissance exceeds the threshold	Warrants	Grant Boustead warrants to purchase Class A Ordinary Shares equal to 5.0% of the number of Class A Ordinary Shares sold by China Renaissance which exceeds $800,000 x 40% Exercise at $18.96 (120% of initial offering price) for a period of 2.5 years from the date of issuance	N/A
Boustead exceeds the threshold	Warrants	Grant Boustead warrants to purchase Class A Ordinary Shares equal to 5.0% of the number of Class A Ordinary Shares sold by Boustead which exceeds $1,200,000 x 60% Exercise at $18.96 (120% of initial offering price) for a period of 2.5 years from the date of issuance	N/A

The warrants will be exercisable at any time, and from time to time, in whole or in part, from the effective date of the Offering until the period specified in the table above in compliance with FINRA Rule 5110(f)(2)(G)(i). The warrants are exercisable at a per share price equal to 120% of the public offering price per share in the Offering. The warrants are also exercisable on a cashless basis. The warrants have been deemed compensation by FINRA and are therefore subject to a 180-day lock-up pursuant to Rule 5110(g)(1) of FINRA. Neither the Underwriters, nor permitted assignees under Rule 5110(g)(1), will sell, transfer, assign, pledge, or hypothecate these warrants or the securities underlying these warrants, nor will they engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the warrants or the underlying securities for a period of 180 days from the effective date of the Offering. In addition, the warrants provide for registration rights upon request, in certain cases. The piggyback registration right provided will not be greater than seven years from the effective date of the Offering in compliance with FINRA Rule 5110(f)(2)(G)(v). We will bear all fees and expenses attendant to registering the securities issuable on exercise of the warrants other than underwriting commissions incurred and payable by the holders. The exercise price and number of shares issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary cash dividend or our recapitalization, reorganization, merger or consolidation. The warrant exercise price and/or underlying shares also may be adjusted for issuances of ordinary shares at a price below the warrant exercise price.

Price Stabilization

The Underwriters will be required to comply with the Securities Act and the Exchange Act, including without limitation, Rule 10b-5 and Regulation M under the Exchange Act. These rules and regulations may limit the timing of purchases and sales of shares of capital stock by the Underwriters acting as principal. Under these rules and regulations, the Underwriters:

- may not engage in any stabilization activity in connection with our securities; and
- may not bid for or purchase any of our securities or attempt to induce any person to purchase any of our securities, other than as permitted under the Exchange Act, until it has completed its participation in the distribution.

Determination of Offering Price

The public offering price of the shares we are offering was determined by us in consultation with the Underwriters based on discussions with potential investors in light of the history and prospects of our Company, the stage of development of our business, our business plans for the future and the extent to which they have been implemented, an assessment of our management, the public stock price for similar companies, general conditions of the securities markets at the time of the Offering and such other factors as were deemed relevant.

Electronic Offer, Sale and Distribution of Securities.

A prospectus in electronic format may be delivered to potential investors by the Underwriters. The prospectus in electronic format will be identical to the paper version of such prospectus. Other than the prospectus in electronic format, the information on the Underwriters' website and any information contained in any other website maintained by the Underwriters is not part of the prospectus or the registration statement of which this prospectus forms a part.

Foreign Regulatory Restrictions on Purchase of our Shares

We have not taken any action to permit a public offering of our shares outside the United States or to permit the possession or distribution of this prospectus outside the United States. People outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to this Offering of our shares and the distribution of this prospectus outside the United States.

Indemnification

We have agreed to indemnify the underwriters against liabilities relating to the Offering arising under the Securities Act and the Exchange Act and to contribute to payments that the underwriters may be required to make for these liabilities.

Application for NASDAQ Market Listing

We intend to apply to have our Class A Ordinary Shares approved for listing/quotation on the NASDAQ Global Market under the symbol "APM." We will not consummate and close this Offering without a listing approval letter from the NASDAQ Global Market. Our receipt of a listing approval letter is not the same as an actual listing on the NASDAQ Global Market. The listing approval letter will serve only to confirm that, if we sell a number of shares on a best efforts basis offering sufficient to satisfy applicable listing criteria, our Class A Ordinary Shares will in fact be listed.

If our Class A Ordinary Shares are listed on the NASDAQ Global Market, we will be subject to continued listing requirements and corporate governance standards. We expect these new rules and regulations to significantly increase our legal, accounting and financial compliance costs.

Relationships

Boustead acted as the placement agent in the Series A Note Offering and one of the placement agents Bond Offering. For such services, Boustead received: (a) for the Series A Note Offering: a cash commission of $68,516 and the Series A Note PA Warrants; and (b) for the Bond Offering: (i) a cash commission of $600,000 and (ii) the Bond PA Warrants. In addition, Boustead purchased $150,000 Series A Notes in the Series A Note Offering. Prior to the commencement of this Offering, Boustead assigned its Series A Note, Series A Note PA Warrants and Bond PA Warrants to a non-affiliate.

China Renaissance also acted as a placement agent for the Bond Offering. For such services, China Renaissance received a cash success fee of $150,000.

The underwriters and their affiliates may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they may receive customary fees and commissions. In addition, from time to time, the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

Selling Restrictions Outside the United States

Notice to Prospective Investors in Canada

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

The Class A Ordinary Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Class A Ordinary Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Notice to Prospective Investors in Hong Kong

The Class A Ordinary Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to our Class A Ordinary Shares be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to our Class A Ordinary Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in the People's Republic of China

This prospectus may not be circulated or distributed in the PRC and the Class A Ordinary Shares may not be offered or sold, and will not offer or sell to any person for re-offering or resale directly or indirectly to any resident of the PRC except pursuant to applicable laws, rules and regulations of the PRC. For the purpose of this paragraph only, the PRC does not include Taiwan, Hong Kong Special Administrative Region and Macau Special Administrative Region.

Notice to Prospective Investors in the EEA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (as defined below) and each, a Relevant Member State, from and including the date on which the EU Prospectus Directive (the "EU Prospectus Directive") was implemented in that Relevant Member State, or the Relevant Implementation Date, an offer of securities described in this prospectus may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of securities described in this prospectus may be made to the public in that Relevant Member State at any time:

- to any legal entity which is a qualified investor as defined under the EU Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the EU Prospectus Directive, provided that no such offer of securities described in this prospectus shall result in a requirement for the publication by us of a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purposes of this provision, the expression an "offer of securities to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State. The expression "EU Prospectus Directive" means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

This prospectus is only being distributed to and is only directed at persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 within, and/or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling with Article 49(2)(a) to (d) (all such persons together being referred to as "relevant persons").

This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom who is not a relevant person should not act or rely on this document or any of its contents.

The underwriters have represented, warranted and agreed that:

(A) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the UK Financial Services and Markets Act 2000, as amended (the "FSMA")) received by it in connection with the issue or sale of the Shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(B) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to our Ordinary Shares in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Japan

The Class A Ordinary Shares offered in this prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. Our Class A Ordinary Shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Class A Ordinary Shares may not be circulated or distributed, nor may the Class A Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Notice to Prospective Investors in Germany

Any offer or solicitation of securities within Germany must be in full compliance with the German Securities Prospectus Act (Wertpapierprospektgesetz-WpPG). The offer and solicitation of securities to the public in Germany requires the publication of a prospectus that has to be filed with and approved by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht-BaFin). This prospectus has not been and will not be submitted for filing and approval to the BaFin and, consequently, will not be published. Therefore, this prospectus does not constitute a public offer under the German Securities Prospectus Act (Wertpapierprospektgesetz). This prospectus and any other document relating to our Class A Ordinary Shares, as well as any information contained therein, must therefore not be supplied to the public in Germany or used in connection with any offer for subscription of our Class A Ordinary Shares to the public in Germany, any public marketing of our Class A Ordinary Shares or any public solicitation for offers to subscribe for or otherwise acquire our Class A Ordinary Shares. This prospectus and other offering materials relating to the offer of our Class A Ordinary Shares are strictly confidential and may not be distributed to any person or entity other than the designated recipients hereof.

Notice to Prospective Investors in Switzerland

This document, as well as any other material relating to the shares which are the subject of the Offering contemplated by this prospectus, do not constitute an issue prospectus pursuant to Article 652a and/or 1156 of the Swiss Code of Obligations. The shares will not be listed on the SIX Swiss Exchange and, therefore, the documents relating to the shares, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange. The shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the shares with the intention to distribute them to the public. The investors will be individually approached by the issuer from time to time. This document, as well as any other material relating to the shares, is personal and confidential and do not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the Offering described herein and may neither directly nor indirectly be distributed or made available to other persons without express consent of the issuer. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

EXPENSES OF THIS OFFERING

Set forth below is an itemization of our total expenses, excluding underwriting discounts and commissions, which are expected to be incurred in connection with the offer and sale of the Class A Ordinary Shares by us. With the exception of the SEC registration fee, the FINRA filing fee and the NASDAQ Global Market listing fee, all amounts are estimates.

Securities and Exchange Commission registration fee	$	3,636
Financial Industry Regulatory Authority filing fee	$	10,750
NASDAQ Global Market listing fee	$	130,000
Printing and engraving expenses	$	55,000
Legal fees and expenses	$	400,000
IPO Advisor fees and expenses	$	210,000
Accounting fees and expenses	$	400,000
Miscellaneous	$	475,000
Total	$	1,684,386

LEGAL MATTERS

The validity of the Class A Ordinary Shares being offered by this prospectus and other legal matters concerning this Offering relating to Cayman Islands law will be passed upon for us by Campbells. Certain legal matters in connection with this Offering with respect to the United States federal securities law and New York law will be passed upon for us by Hunter Taubman Fischer & Li LLC, New York, New York. Certain legal matters with respect to the United States federal securities and New York law in connection with this Offering will be passed upon for the underwriters by Pryor Cashman LLP, New York, New York.

EXPERTS

The accompanying statements of net assets (predecessor basis) including the schedule of portfolio investments of Aptorum Group Limited as of December 31, 2016 and February 28, 2017, and the related statements (predecessor basis) of operations, changes in net assets, and cash flows for the year ended December 31, 2016, the statements (predecessor basis) of operations, changes in net assets, and cash flows for the period January 1, 2017 through February 28, 2017, the consolidated balance sheet (successor basis) as of December 31, 2017, the related consolidated statements (successor basis) of operations and comprehensive loss, stockholders' equity and cash flows for the period March 1, 2017 through December 31, 2017, and the related notes (collectively referred to as the "financial statements"), appearing in this prospectus and Registration Statement have been audited by Marcum Bernstein & Pinchuk LLP, an independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability. We incorporated in the Cayman Islands because of certain benefits associated with being a Cayman Islands corporation, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of foreign exchange control or currency restrictions and the availability of professional and support services. However, the Cayman Islands have a less developed body of securities laws that provide significantly less protection to investors as compared to the securities laws of the United States. In addition, Cayman Islands companies may not have standing to sue before the federal courts of the United States.

All of our assets are located in Hong Kong. In addition, some of our directors and officers are residents of jurisdictions other than the United States and all or a substantial portion of their assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or our directors and officers, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

According to our local Cayman Islands' counsel, there is uncertainty with regard to Cayman Islands law relating to whether a judgment obtained from the United States or Hong Kong courts under civil liability provisions of the securities laws will be determined by the courts of the Cayman Islands as penal or punitive in nature. If such a determination is made, the courts of the Cayman Islands will not recognize or enforce the judgment against a Cayman Islands' company. The courts of the Cayman Islands in the past determined that disgorgement proceedings brought at the instance of the Securities and Exchange Commission are penal or punitive in nature and such judgments would not be enforceable in the Cayman Islands. Other civil liability provisions of the securities laws may be characterized as remedial, and therefore enforceable but the Cayman Islands' Courts have not yet ruled in this regard. Our Cayman Islands' counsel has further advised us that a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of the Cayman Islands.

As of the date of this prospectus, no treaty or other form of reciprocity exists between the Cayman Islands and Hong Kong governing the recognition and enforcement of judgments.

Cayman Islands' counsel further advised that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States or Hong Kong, a judgment obtained in such jurisdictions will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (1) is given by a foreign court of competent jurisdiction, (2) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (3) is final, (4) is not in respect of taxes, a fine or a penalty, and (5) was not obtained in a manner and is of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act relating to this Offering of our Class A Ordinary Shares. This prospectus does not contain all of the information contained in the registration statement. The rules and regulations of the SEC allow us to omit certain information from this prospectus that is included in the registration statement. Statements made in this prospectus concerning the contents of any contract, agreement or other document are summaries of all material information about the documents summarized, but are not complete descriptions of all terms of these documents. If we filed any of these documents as an exhibit to the registration statement, you may read the document itself for a complete description of its terms.

You may read and copy the registration statement, including the related exhibits and schedules, and any document we file with the SEC without charge at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains an Internet website that contains reports and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are also available to the public through the SEC's website at http://www.sec.gov.

Upon completion of this Offering, we will be subject to the information reporting requirements of the Exchange Act that are applicable to foreign private issuers, and under those requirements will file reports with the SEC. Those other reports or other information may be inspected without charge at the locations described above. As a foreign private issuer, we will be exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we will file with the SEC, within 120 days after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and will submit to the SEC, on Form 6-K, unaudited quarterly financial information for the first three quarters of each fiscal year.

We maintain a corporate website at www.aptorumgroup.com. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus.

APTORUM GROUP LIMITED
Financial Statements
Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Aptorum Group Limited

Opinion on the Financial Statements

We have audited the accompanying statements of net assets (predecessor basis) including the schedule of portfolio investments of Aptorum Group Limited (formally known as APTUS Holdings Limited and STRIKER ASIA OPPORTUNITIES FUND CORPORATION, the "Company") as of December 31, 2016 and February 28, 2017, and the related statements (predecessor basis) of operations, changes in net assets, and cash flows for the year ended December 31, 2016, the statements (predecessor basis) of operations, changes in net assets, and cash flows for the period January 1, 2017 through February 28, 2017, the consolidated balance sheet (successor basis) as of December 31, 2017, the related consolidated statements (successor basis) of operations and comprehensive loss, stockholders' equity and cash flows for the period March 1, 2017 through December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2017, and the results of its operations and its cash flows for the year ended December 31, 2016, the period January 1, 2017 through February 28, 2017 and the period March 1, 2017 through December 31, 2017, in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Change in Investment Company Status

As discussed in Note 4 and Note 15 to the financial statements, effective March 1, 2017, the Company changed its financial reporting to that of an operating company from an investment company since it no longer met the assessment of an investment company under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946 ("ASC 946"). The Company discontinued applying the guidance in ASC 946 and began to account for the change in status prospectively by accounting for its investments in accordance with other U.S. GAAP topics as of the date of the change in status. The change in status affects the comparability of the financial statements. Our opinion is not modified with respect to this matter.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum Bernstein & Pinchuk LLP

Marcum Bernstein & Pinchuk LLP

We have served as the Company's auditor since 2017.

New York, New York
July 13, 2018

NEW YORK OFFICE ● 7 Penn Plaza ● Suite 830 ● New York, New York ● 10001
Phone 646.442.4845 ● Fax 646.349.5200 ● www.marcumbp.com

APTORUM GROUP LIMITED
STATEMENTS OF NET ASSETS (PREDECESSOR BASIS)
December 31, 2016 and February 28, 2017
(Stated in U.S. Dollars)

	December 31, 2016	February 28, 2017
ASSETS		
Investments, at fair value		
Unaffiliated issuers (cost $22,783,506 as of December 31, 2016 and $22,739,748 as of February 28, 2017)	$ 24,126,392	$ 23,794,333
Aptorum Therapeutics - related party (cost $1,000,000 as of December 31, 2016 and February 28, 2017)	856,081	757,647
	24,982,473	24,551,980
Cash	301,643	29,983
Due from brokers	96,896	125,334
Interest receivable	1,050	6,149
Other receivables and prepayments	2,520	-
Total Assets	$ 25,384,582	$ 24,713,446
LIABILITIES		
Accounts payable and accrued expenses	$ 92,385	$ 106,163
Equalization payable - related party	9,663	9,663
Management fees payable - related party	167,788	108,958
Total Liabilities	269,836	224,784
Net Assets	$ 25,114,746	$ 24,488,662
Net Asset Value Per Share		
(5,000,000 shares of $0.01 par value authorized, 256,664 and 256,571 shares outstanding as of December 31, 2016 and February 28, 2017, respectively)	$ 97.85	$ 95.45
Net Assets Consist of		
Paid-in capital	$ 25,787,834	$ 25,778,171
Equalization payable	(9,663)	-
Undistributed ordinary income	3,212,713	2,988,697
Accumulated undistributed net realized loss on investments	(5,075,105)	(5,090,432)
Net unrealized appreciation on investments	1,198,967	812,226
	$ 25,114,746	$ 24,488,662

See accompanying notes to the financial statements.

APTORUM GROUP LIMITED
CONSOLIDATED BALANCE SHEET (SUCCESSOR BASIS)
December 31, 2017
(Stated in U.S. Dollars)

ASSETS	
Current assets:	
Cash	$ 16,245,807
Restricted cash	480,000
Marketable securities, at fair value	1,972,648
Investments in derivatives	1,095,122
Due from brokers	179,492
Other receivables and prepayments	310,330
Total current assets	20,283,399
Equipment, net	346,587
Non-marketable investments, at cost	7,394,713
Intangible assets, net	1,472,707
Amounts due from related parties	304,820
Long-term deposits	1,757,756
Total Assets	$ 31,559,982
LIABILITIES AND EQUITY	
LIABILITIES	
Current liabilities:	
Amount due to a related party	$ 197,386
Accounts payable and accrued expenses	653,348
Convertible promissory notes	480,000
Total current liabilities	1,330,734
Total Liabilities	$ 1,330,734
Commitments and contingencies	-
EQUITY	
Class A Ordinary Shares ($1.00 par value; 60,000,000 shares authorized, 5,426,381 shares issued and outstanding)	$ 5,426,381
Class B Ordinary Shares ($1.00 par value; 40,000,000 shares authorized, 22,437,754 shares issued and outstanding)	22,437,754
Additional paid-in capital	5,294,402
Accumulated other comprehensive loss	(367,782)
Accumulated deficit	(2,547,462)
Total equity attributable to the shareholders of Aptorum Group Limited	30,243,293
Non-controlling interests	(14,045)
Total equity	30,229,248
Total Liabilities and Equity	$ 31,559,982

See accompanying notes to the consolidated financial statements.

APTORUM GROUP LIMITED
STATEMENTS OF OPERATIONS (PREDECESSOR BASIS)
For the Year Ended December 31, 2016 and Period January 1, 2017 through February 28, 2017
(Stated in U.S. Dollars)

	Year Ended December 31, 2016	January 1, 2017 through February 28, 2017
Investment income		
Dividend income from unaffiliated issuers	$ 57,642	$ -
Interest income	28,800	3,011
Total investment income	86,442	3,011
Expenses		
General and administrative fees	79,750	17,516
Management fees	641,807	108,958
Legal and professional fees	106,031	98,646
Other operating expenses	50,646	1,907
Total expenses	878,234	227,027
Net investment loss	$ (791,792)	$ (224,016)
Realized and unrealized losses		
Net realized losses on investments in unaffiliated issuers	$ (840,485)	$ (15,327)
Net change in unrealized depreciation on investments		
Aptorum Therapeutics - related party	(143,919)	(98,434)
Unaffiliated issuers	(358,319)	(288,307)
Net realized and unrealized losses	(1,342,723)	(402,068)
Net decrease in net assets resulting from operations	$ (2,134,515)	$ (626,084)

See accompanying notes to the financial statements.

APTORUM GROUP LIMITED
CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS (SUCCESSOR BASIS)
For the Period March 1, 2017 through December 31, 2017
(Stated in U.S. Dollars)

Expenses	
Research and development expenses	$ 2,560,323
General and administrative fees	1,480,093
Legal and professional fees	1,395,490
Other operating expenses	257,177
Total expenses	5,693,083
Other income	
Gain on investments in marketable securities, net	3,912,500
Loss on investments in derivatives, net	(827,501)
Interest income	44,269
Dividend income	2,308
Total other income, net	3,131,576
Net loss	(2,561,507)
Less: net loss attributable to non-controlling interests	(14,045)
Net loss attributable to Aptorum Group Limited	$ (2,547,462)
Net loss per share – basic and diluted	$ (0.09)
Weighted-average shares outstanding – basic and diluted	26,963,435
Net loss	$ (2,561,507)
Other Comprehensive loss	
Unrealized loss on investments in available-for-sale securities	(367,782)
Other Comprehensive loss	(367,782)
Comprehensive loss	(2,929,289)
Less: comprehensive loss attributable to non-controlling interests	(14,045)
Comprehensive loss attributable to the shareholders of Aptorum Group Limited	$ (2,915,244)

See accompanying notes to the consolidated financial statements.

APTORUM GROUP LIMITED
STATEMENTS OF CHANGES IN NET ASSETS (PREDECESSOR BASIS)
For the Year Ended December 31, 2016 and Period January 1, 2017 through February 28, 2017
(Stated in U.S. Dollars)

	Year Ended December 31, 2016	January 1, 2017 through February 28, 2017
Operations		
Net investment losses	$ (791,792)	$ (224,016)
Net realized losses	(840,485)	(15,327)
Net change in unrealized depreciation	(502,238)	(386,741)
Net decrease in net assets resulting from operations	(2,134,515)	(626,084)
Distributions to shareholders		
Equalization payable	(9,663)	9,663
Return of capital	-	(9,663)
Total distributions	(9,663)	-
Issuance of shares	2,900,000	-
Total increase (decrease) in net assets	755,822	(626,084)
Net assets		
Beginning of period	24,358,924	25,114,746
End of period	$ 25,114,746	$ 24,488,662

See accompanying notes to the financial statements.

APTORUM GROUP LIMITED
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (SUCCESSOR BASIS)
For the Period March 1, 2017 through December 31, 2017
(Stated in U.S. Dollars)

Net assets to allocate to shareholders' equity at February 28, 2017	$ 24,488,662

	Ordinary shares		Class A Ordinary Shares		Class B Ordinary Shares		Additional Paid-in Capital	Accumulated deficit	Accumulated other comprehensive loss	Non-controlling interests	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount	Amount	Amount	Amount
Balance, March 1, 2017	**25,657,110**	**$ 25,657,110**	**-**	**$ -**	**-**	**$ -**	**$ (1,168,448)**	**$ -**	**$ -**	**$ -**	**$ 24,488,662**
Proceeds from issuance of shares	2,207,025	2,207,025	-	-	-	-	6,394,976	-	-	-	**8,602,001**
Converted from ordinary shares	(27,864,135)	(27,864,135)	5,426,381	5,426,381	22,437,754	22,437,754	-	-	-	-	-
Unrealized loss on investments in available-for-sale securities	-	-	-	-	-	-	-	-	(367,782)	-	**(367,782)**
Gain on disposal of entity under common control	-	-	-	-	-	-	67,874	-	-	-	**67,874**
Net loss	-	-	-	-	-	-	-	(2,547,462)	-	(14,045)	**(2,561,507)**
Balance, December 31, 2017	**-**	**$ -**	**5,426,381**	**$ 5,426,381**	**22,437,754**	**$ 22,437,754**	**$ 5,294,402**	**$ (2,547,462)**	**$ (367,782)**	**$ (14,045)**	**$ 30,229,248**

See accompanying notes to the consolidated financial statements.

APTORUM GROUP LIMITED
STATEMENTS OF CASH FLOWS (PREDECESSOR BASIS)
For the Year Ended December 31, 2016 and Period January 1, 2017 through February 28, 2017
(Stated in U.S. Dollars)

	Year Ended December 31, 2016	January 1, 2017 through February 28, 2017
Cash flows from operating activities		
Net decrease in net assets resulting from operations	$ (2,134,515)	$ (626,084)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash used in operating activities:		
Net change in unrealized depreciation on investments	502,238	386,741
Net realized loss on sales of investments in unaffiliated issuers	840,485	15,327
Dividends paid-in-kind	(51,881)	-
Purchase of investment in Aptorum Therapeutics - related party	(1,000,000)	-
Proceeds from sales of investment securities	4,068,543	28,425
Purchases of investment securities	(5,009,996)	-
Decrease (increase) in interest receivable	98	(5,099)
Increase in due from brokers	(96,896)	(28,438)
(Increase) decrease in other receivable and prepayments	(2,520)	2,520
Increase in accounts payable and accrued expenses	65,573	13,778
Increase (decrease) in management fees payable - related party	11,322	(58,830)
Net cash used in operating activities	(2,807,549)	(271,660)
Cash flows from financing activities		
Repayments under line of credit, net	(2,086,702)	-
Proceeds from the issuance of shares	2,525,000	-
Net cash provided by financing activities	438,298	-
Net decrease in cash	(2,369,251)	(271,660)
Cash - Beginning of period	2,670,894	301,643
Cash - End of period	$ 301,643	$ 29,983
Supplemental disclosures of cash flow information		
Interest paid	$ 1,665	$ -
Income taxes paid	$ -	$ -

See accompanying notes to the financial statements.

APTORUM GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (SUCCESSOR BASIS)
For the Period March 1, 2017 through December 31, 2017
(Stated in U.S. Dollars)

Cash flows from operating activities	
Net loss	$ (2,561,507)
Adjustments to reconcile net loss to net cash used in operating activities	
Amortization and depreciation	58,903
Gain on investments in marketable securities, net	(3,912,500)
Loss on investments in derivatives, net	827,501
Changes in operating assets and liabilities:	
Other receivables and prepayments	(310,074)
Interest receivable	6,149
Long-term deposits	(20,092)
Due from brokers	(54,158)
Accounts payable and accrued expenses	183,083
Net cash used in operating activities	(5,782,695)
Cash flows from investing activities	
Advances to/payments received from related parties	(186,898)
Purchases of intangible assets	(968,730)
Purchases of equipment	(2,090,721)
Proceeds from sales of investment securities	16,049,067
Net cash provided by investing activities	12,802,718
Cash flows from financing activities	
Proceeds from issuance of convertible promissory notes	480,000
Proceeds from issuance of shares	8,602,001
Net cash provided by financing activities	9,082,001
Net increase in cash and restricted cash	16,102,024
Cash and restricted cash, March 1, 2017	623,783
Cash and restricted cash, December 31, 2017	$ 16,725,807
Supplemental disclosures of cash flow information	
Interest paid	$ -
Income taxes paid	$ -

See accompanying notes to the consolidated financial statements.

Table of Contents

APTORUM GROUP LIMITED
SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2016
(Stated in U.S. Dollars)

Shares/Par/# of Contract	Issuers	Cost	Fair Value
	PREFERRED STOCKS (17.17%)		
	United States (17.17%)		
	Pharmaceutical and Biotechnology (17.17%)		
500,000	Atea Pharmaceuticals Incorporated, (6.03%), Series A	$ 500,000	$ 1,515,000
165,016	Atea Pharmaceuticals Incorporated, (1.99%), Series B	499,998	499,998
354,609	Kezar Life Sciences Incorporated, (1.19%), Series A	299,999	299,999
265,958	X4 Pharmaceuticals Incorporated, (1.99%), Series A	500,001	500,001
270,270	Atreca Incorporated, (1.99%), Series A	500,000	500,000
3,333,333	Anabios Corporation, (3.98%), Series B	1,000,000	1,000,000
		3,299,998	4,314,998
	Total United States	3,299,998	4,314,998
	Israel (0.00%)		
	Pharmaceutical and Biotechnology (0.00%)		
15,145	APOS - Medical and Sports Technologies Ltd.	749,980	-
		749,980	-
	Total Israel	749,980	-
	TOTAL PREFERRED STOCKS	$ 4,049,978	$ 4,314,998
	COMMON STOCKS (58.18%)		
	United States (57.35%)		
	Pharmaceutical and Biotechnology (47.11%)		
80,608	Cerecor Inc., (0.28%)	$ 415,385	$ 70,967
139,983	Argos Therapeutics Incorporated, (2.73%)	1,093,830	685,917
86,863	Axsome Therapeutics Inc., (2.33%)	498,279	586,325
2,228,981	Rezolute, Inc., (8.88%)	2,368,709	2,228,981
193,349	Contrafect Corp., (1.35%)	980,079	338,361
720,000	Athenex Incorporated, (31.54%)	3,960,000	7,920,000
		9,316,282	11,830,551
	Healthcare (10.24%)		
265,425	Obalon Therapeutics Inc., (9.35%)	2,000,000	2,349,011
65,976	MRI Interventions Inc., (0.89%)	1,599,999	224,318
		3,599,999	2,573,329
	Total United States	12,916,281	14,403,880
	Taiwan (0.00%)		
	Commercial Services (0.00%)		
2,000,000	Sim2Travel Incorporated, (0.00%)	2,000,000	-
		2,000,000	-
	Total Taiwan	2,000,000	-
	Hong Kong (0.83%)		
	Financial Services (0.83%)		
8,800	Hong Kong Exchange and Clearing Ltd., (0.83%)	325,397	207,903
		325,397	207,903
	Total Hong Kong	325,397	207,903
	TOTAL COMMON STOCKS	$ 15,241,678	$ 14,611,783
	BONDS (1.25%)		
	Mainland China (1.25%)		
	Bank (1.25%)		
$ 300,000	Industrial & Commercial Bank of China, with 6% coupon rate and no maturity date, (1.25%)	$ 311,750	$ 314,160
		311,750	314,160
	Total Mainland China	311,750	314,160
	TOTAL BONDS	$ 311,750	$ 314,160
	CONVERTIBLE NOTES (12.18%)		
	United States (12.18%)		
	Pharmaceutical and Biotechnology (12.18%)		
$ 500,000	Centrexion Therapeutics Corporation, (2.07%), Series C, (Due Date: 6/1/2019, Interest Rate: 5.00%)	$ 500,000	$ 520,960
$ 1,500,000	Alzheon Incorporated, (6.32%), Series A, (Due Date: 7/13/2017, Interest Rate: 4.00%)	1,500,000	1,588,438
$ 900,000	Alzheon Incorporated, (3.79%), Series B, (Due Date: 7/13/2017, Interest Rate: 4.00%)	900,000	953,063
		2,900,000	3,062,461
	Total United States	2,900,000	3,062,461
	Israel (0.00%)		

		Pharmaceutical and Biotechnology (0.00%)		
$	100,000	APOS - Medical and Sports Technologies Ltd., (0.00%), (Due Date: 12/17/2017, Interest Rate: 10.00%)	100,000	-
			100,000	-
		Total Israel	100,000	-
		TOTAL CONVERTIBLE NOTES	$ 3,000,000	$ 3,062,461
		WARRANTS (7.25%)		
		United States (7.25%)		
		Pharmaceutical and Biotechnology (7.13%)		
	2,228,981	Rezolute, Inc., (7.07%), (Expiration Date: 6/24/2021)	$ 83,168	$ 1,776,275
	80,608	Cerecor Inc., (0.01%), (Expiration Date: 4/20/2017)	36,932	2,822
	80,608	Cerecor Inc., (0.05%), (Expiration Date: 10/20/2018)	60,000	12,897
			180,100	1,791,994
		Healthcare (0.12%)		
	2,311	MRI Interventions Inc., (0.02%), (Expiration Date: 12/18/2020)	-	4,252
	23,310	MRI Interventions Inc., (0.08%), (Expiration Date: 12/24/2019)	-	20,660
	3,081	MRI Interventions Inc., (0.02%), (Expiration Date: 12/18/2020)	-	6,084
			-	30,996
		Total United States	180,100	1,822,990
		TOTAL WARRANTS	$ 180,100	$ 1,822,990
		TOTAL UNAFFILIATED ISSUERS	$ 22,783,506	$ 24,126,392
		A RELATED PARTY (3.41%)		
		Hong Kong (3.41%)		
		Pharmaceutical and Biotechnology (3.41%)		
	1,000,000	Aptorum Therapeutics Limited, (3.41%), (100% Owned)	$ 1,000,000	$ 856,081
			1,000,000	856,081
		Total Hong Kong	1,000,000	856,081
		TOTAL RELATED PARTY	$ 1,000,000	$ 856,081
		Total investments at fair value (99.44%*)	$ 23,783,506	$ 24,982,473

* Represents the ratio of total investments at fair value to net assets as of December 31, 2016.

See accompanying notes to the financial statements.

Table of Contents

APTORUM GROUP LIMITED
SCHEDULE OF PORTFOLIO INVESTMENTS
February 28, 2017
(Stated in U.S. Dollars)

Shares/Par/# of Contract	Issuers	Cost	Fair Value
	PREFERRED STOCKS (17.62%)		
	United States (17.62%)		
	Pharmaceutical and Biotechnology (17.62%)		
500,000	Atea Pharmaceuticals Incorporated, (6.19%), Series A	$ 500,000	$ 1,515,000
165,016	Atea Pharmaceuticals Incorporated, (2.04%), Series B	499,998	499,998
354,609	Kezar Life Sciences Incorporated, (1.23%), Series A	299,999	299,999
265,958	X4 Pharmaceuticals Incorporated, (2.04%), Series A	500,001	500,001
270,270	Atreca Incorporated, (2.04%), Series A	500,000	500,000
3,333,333	Anabios Corporation, (4.08%), Series B	1,000,000	1,000,000
		3,299,998	4,314,998
	Total United States	3,299,998	4,314,998
	Israel (0.00%)		
	Pharmaceutical and Biotechnology (0.00%)		
15,145	APOS - Medical and Sports Technologies Ltd.	749,980	-
		749,980	-
	Total Israel	749,980	-
	TOTAL PREFERRED STOCKS	$ 4,049,978	$ 4,314,998
	COMMON STOCKS (57.81%)		
	United States (56.92%)		
	Pharmaceutical and Biotechnology (46.08%)		
80,608	Cerecor Inc., (0.24%)	$ 415,385	$ 58,844
134,383	Argos Therapeutics Incorporated, (0.63%)	1,050,072	154,540
86,863	Axsome Therapeutics Inc., (1.61%)	498,279	395,227
2,228,981	Rezolute, Inc., (9.56%)	2,368,709	2,340,430
193,349	Contrafect Corp., (1.70%)	980,079	415,700
720,000	Athenex Incorporated, (32.34%)	3,960,000	7,920,000
		9,272,524	11,284,741
	Healthcare (10.84%)		
265,425	Obalon Therapeutics Inc., (10.10%)	2,000,000	2,473,761
65,976	MRI Interventions Inc., (0.74%)	1,599,999	181,434
		3,599,999	2,655,195
	Total United States	12,872,523	13,939,936
	Taiwan (0.00%)		
	Commercial Services (0.00%)		
2,000,000	Sim2Travel Incorporated, (0.00%)	2,000,000	-
		2,000,000	-
	Total Taiwan	2,000,000	-
	Hong Kong (0.89%)		
	Financial Services (0.89%)		
8,800	Hong Kong Exchange and Clearing Ltd., (0.89%)	325,397	218,458
		325,397	218,458
	Total Hong Kong	325,397	218,458
	TOTAL COMMON STOCKS	$ 15,197,920	$ 14,158,394
	BONDS (1.29%)		
	Mainland China (1.29%)		
	Bank (1.29%)		
$ 300,000	Industrial & Commercial Bank of China, with 6% coupon rate and no maturity date, (1.29%)	$ 311,750	$ 316,296
		311,750	316,296
	Total Mainland China	311,750	316,296
	TOTAL BONDS	$ 311,750	$ 316,296
	CONVERTIBLE NOTES (12.59%)		
	United States (12.59%)		
	Pharmaceutical and Biotechnology (12.59%)		
$ 500,000	Centrexion Therapeutics Corporation, (2.14%), Series C, (Due Date: 6/1/2019, Interest Rate: 5.00%)	$ 500,000	$ 525,001
$ 1,500,000	Alzheon Incorporated, (6.53%), Series A, (Due Date: 7/13/2017, Interest Rate: 4.00%)	1,500,000	1,598,137
$ 900,000	Alzheon Incorporated, (3.92%), Series B, (Due Date: 7/13/2017, Interest Rate: 4.00%)	900,000	958,882
		2,900,000	3,082,020
	Total United States	2,900,000	3,082,020
	Israel (0.00%)		

	Pharmaceutical and Biotechnology (0.00%)		
$ 100,000	APOS - Medical and Sports Technologies Ltd., (0.00%), (Due Date: 12/17/2017, Interest Rate: 10.00%)	100,000	-
		100,000	-
	Total Israel	100,000	-
	TOTAL CONVERTIBLE NOTES	$ 3,000,000	$ 3,082,020
	WARRANTS (7.85%)		
	United States (7.85%)		
	Pharmaceutical and Biotechnology (7.76%)		
2,228,981	Rezolute, Inc., (7.70%), (Expiration Date: 6/24/2021)	$ 83,168	$ 1,884,826
80,608	Cerecor Inc., (0.03%), (Expiration Date: 4/20/2017)	36,932	7,094
80,608	Cerecor Inc., (0.03%), (Expiration Date: 10/20/2018)	60,000	8,061
		180,100	1,899,981
	Healthcare (0.09%)		
2,311	MRI Interventions Inc., (0.01%), (Expiration Date: 12/18/2020)	-	3,203
23,310	MRI Interventions Inc., (0.06%), (Expiration Date: 12/24/2019)	-	14,830
3,081	MRI Interventions Inc., (0.02%), (Expiration Date: 12/18/2020)	-	4,611
		-	22,644
	Total United States	180,100	1,922,625
	TOTAL WARRANTS	$ 180,100	$ 1,922,625
	TOTAL UNAFFILIATED ISSUERS	$ 22,739,748	$ 23,794,333
	A RELATED PARTY (3.09%)		
	Hong Kong (3.09%)		
	Pharmaceutical and Biotechnology (3.09%)		
1,000,000	Aptorum Therapeutics Limited, (3.09%), (100% Owned)	$ 1,000,000	$ 757,647
		1,000,000	757,647
	Total Hong Kong	1,000,000	757,647
	TOTAL RELATED PARTY	$ 1,000,000	$ 757,647
	Total investments at fair value (100.25%*)	$ 23,739,748	$ 24,551,980

* Represents the ratio of total investments at fair value to net assets as of February 28, 2017.

See accompanying notes to the financial statements.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

1. THE COMPANY

Aptorum Group Limited (the "Company"), formally known as APTUS Holdings Limited and STRIKER ASIA OPPORTUNITIES FUND CORPORATION, is a company incorporated on September 13, 2010 under the laws of the Cayman Islands with limited liability.

Before March 1, 2017, the Company was incorporated as an exempted company with limited liability in the Cayman Islands, and operated as an open ended investment company which would own and oversee the management, operations and investments of its subsidiaries. The Company was managed by AENEAS CAPITAL LIMITED, formerly known as APTUS CAPITAL LIMITED or Guardian Capital Management Limited (the "Manager"), with its objective to generate long-term capital appreciation by acquiring, holding and/or investing in, by itself or through one or more of its subsidiaries or other investment vehicles, a wide range of investments, assets and/or rights, with a focus on the healthcare industry. Since March 1, 2017, the Company has operated as a holding company and the Manager entered into a new management agreement with the Company to manage certain investment and reinvestment.

SS&C Technologies, Inc. (formerly known as Wells Fargo Global Fund Services LLC before January 1, 2017) and DBS Bank Limited, Hong Kong Branch were appointed as the administrator (the "Administrator") and cash custodian (the "Cash Custodian") of the Company, respectively.

On April 21, 2015, the directors of the Company approved the Company's deregistration as a mutual fund from the Cayman Islands Monetary Authority ("CIMA") for the Company has less than 15 investors and so it intended to rely on the exemption from registration. The Company ceased operating as CIMA registered fund on October 8, 2015.

On February 21, 2017, written resolutions were passed by the sole director of the Company and on March 1, 2017, resolutions were passed by the sole holder of management shares in the Company according to which, the Company changed from an investment fund with management shares and non-voting participating redeemable preference shares to a holding company with operating subsidiaries (the "Restructure"). (See Note 4 and Note 15 for further discussion)

On March 1, 2017, a special resolution was passed by written resolution and the issue of the Certificate of Incorporation on Change of Name by the Cayman Islands Registrar of Companies changed the name of the Company from STRIKER ASIA OPPORTUNITIES FUND CORPORATION to APTUS Holdings Limited on March 3, 2017.

On October 13, 2017, a special resolution was passed at the extraordinary general meeting of the Company, and on October 19, 2017, the Cayman Islands Registrar of Companies issued the Certificate of Incorporation on Change of Name changing the name of the Company from APTUS Holdings Limited to Aptorum Group Limited.

2. INVESTMENT COMPANY STATUS

The Company did not register as an investment company under the Investment Company Act of 1940, as amended (the "1940 Act" or the "Investment Company Act"), in reliance on Section 3(c)(1). Section 3(c)(1) of the 1940 Act exempts from the 1940 Act's registration requirements privately placed investment funds whose securities are beneficially owned by not more than 100 persons and purchase their interests in a private placement. In addition, under certain current interpretations of the Securities and Exchange Commission ("SEC"), Section 7(d) of the 1940 Act exempts from registration any non-U.S. investment fund all of whose outstanding securities are beneficially owned either by non-U.S. residents or by U.S. residents that are qualified purchasers and purchase their interests in a private placement.

Management has determined that the Company met the assessment of an investment company under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946 and was an investment company under U.S. generally accepted accounting principles ("U.S. GAAP") for the purposes of financial reporting.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

3. PRIVATE PLACING MEMORANDUM

In January 2013, the Company issued a private placing memorandum (the "PPM") relating to the placing of up to 4,999,990 participating shares of US$0.01 each (the "Participating Shares"). Participating Shares may be issued on any dealing day at the subscription price (the "Subscription Price") and may be redeemed on any dealing day at the redemption price ("Redemption Price").

The Subscription Price or Redemption Price of each Participating Share of the relevant class for any relevant dealing day would, subject as provided below, be determined by:

(i) allocating the net asset value (the "NAV") of the Company to each class (if any) in proportion to the NAV for such classes immediately following the preceding valuation point;

(ii) deducting from the NAV of the class in question the fees, costs, expenses or other liabilities attributable to the relevant class not already deducted in ascertaining the NAV of the Company and adding to the NAV assets specifically attributable to the relevant class, in order to arrive at the actual NAV of the relevant class; and

(iii) dividing the NAV of the relevant class calculated in (ii) above as at the valuation point relating to that dealing day by the number of Participating Shares of the relevant class in issue.

The minimum subscription for each applicant was US$500,000 inclusive of any initial charge. The minimum addition to any holding was US$100,000 inclusive of any initial charge.

Income of the Company would not be distributed unless the directors of the Company otherwise determined. Retained income would be reflected in the value of Participating Shares. Dividends, if any, unclaimed for six years after the date of declaration would be forfeited and paid back to the Predecessor Company.

Other key terms of the private placing memorandum included:

The Manager might cause the Company to purchase, to the extent consistent with Rules 5130 and 5131 of Financial Industry Regulatory Authority ("FINRA") new issue rules, equity securities that were part of an initial public offering. In the event that the Manager decided, in its sole discretion, that the Company would invest in public offerings of securities that would be deemed "new issues" under Rules 5130 and 5131 of FINRA, the Manager reserved the right to restructure any existing class of Participating Shares into two classes.

The first class of Participating Shares of the Company would be a restricted class ("Restricted Participating Shares") which would be issued to restricted persons and would have no economic participation in new issues assets so that no profits or losses associated with new issues were allocated to such class of Participating Shares. The second class of Participating Shares of the Company would be an unrestricted class (the "Unrestricted Participating Shares") which would be issued to non-Restricted Persons (the "Unrestricted Persons") and would have full economic participation in new issues profits. The Company might, however, avail itself of a "de minimis" exemption pursuant to which a portion of any new issue profits and losses might be allocated to the Restricted Participating Shares and thus to restricted persons.

The Company might permit holders of Restricted Participating Shares who were eligible to own Unrestricted Participating Shares to convert their Restricted Participating Shares to Unrestricted Participating Shares based upon their relative net asset values at the time of conversion, and any such holder would be required to execute a statement regarding his eligibility to participate in "new issue" securities.

The private placement was terminated on March 1, 2017 by a special resolution passed at the directors' meeting.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements are prepared in accordance with U.S. GAAP. As discussed in Note 2, before March 1, 2017, the Company was an investment company under U.S. GAAP for the purposes of financial reporting. U.S. GAAP for an investment company requires investments to be recorded at estimated fair value and the unrealized gains and/or losses in an investment's fair value are recognized on a current basis in the statements of operations. In addition, the Company did not consolidate its subsidiaries, since they were operating companies and not investment companies. Such entities were fair valued in accordance with ASC Topic 946 ("ASC 946") and ASC Topic 820 ("ASC 820").

As of March 1, 2017, after the change of business purpose, legal form and substantive activities, the Company's status changed to an operating company from an investment company since it no longer met the criteria to qualify as an investment company under the ASC 946. The Company discontinued applying the guidance in ASC 946 and began to account for the change in status prospectively by accounting for its investments in accordance with other U.S. GAAP topics.

This change in status and the accounting policies affect the comparability of the financial statements. As such, for the year ended December 31, 2016 and for the period January 1, 2017 through February 28, 2017, the statements of net assets, statements of operations, statements of cash flows and statements of changes in net assets have been presented on the predecessor basis of accounting as an investment company, and on the basis of accounting as an operating company from March 1, 2017 through December 31, 2017. The consolidated balance sheet as of December 31, 2017 has been presented on the successor basis.

Use of estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations as well as income and expenses during the reporting period. Significant accounting estimates reflected in the Company's financial statements include investments at fair value. Actual results could differ from those estimates.

Valuation

All investments are recorded at their estimated fair value, as described in Note 5.

Cash

Cash consists of cash on hand and bank deposits and cash denominated in foreign currencies, which is unrestricted as to withdrawal and use. As of December 31, 2016 and February 28, 2017, the cash denominated in foreign currencies were $5,765 and $5,760 respectively.

Due from brokers

Due from brokers consist primarily of cash and cash equivalents, cash collateral and the amounts receivable or payable for securities that have not yet settled, with the Company's clearing broker. Cash at broker and deposits on transactions are restricted until these securities are purchased or until the transactions are settled or terminated. Cash balances held at the brokers, as well as securities owned by the Company serve as collateral for margin account debit balances existing at the brokers.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

Investments, at fair value

The Company's investments include common stock, preferred stock of listed, unlisted and private companies, corporate bonds and other equity securities, which are collectively presented as "Investments, at fair value" prior to the Restructure and recorded on a trade date basis. Investments in securities are initially measure at their transaction price, which include commissions and other charges that are part of the purchase transaction. The Company subsequently measures the investments at fair value through earnings. Realized gain and loss from security transactions are calculated on the specific identification basis, unless otherwise identifiable, and recorded in earnings on the date of sale. Unrealized gain and loss on these securities are included in the statements of operations.

Investment transaction, income and expense

Interest income and expense are recorded on the accrual basis. The Company amortizes premiums and accretes discounts as adjustments to interest income. Discounts and premiums on investments purchased are accreted and amortized to interest income over the lives of the respective investments. Discounts for high-yield debt securities and other debt securities are not amortized to the extent that interest income is not expected to be realized. Dividend income and expense are recorded on the ex-dividend dates, except certain dividends from foreign securities where the ex-dividend date may have passed. These dividends are recorded as soon as the Company is informed of the ex-dividend date. Dividend income on foreign securities is recorded net of any applicable withholding tax. Distributions that represent returns of capital in excess of cumulative profits and losses are credited to investment cost rather than investment income.

Foreign currency

The Company's functional currency is US dollars ("USD" or "$"), which is the currency of the primary environment in which it operates in Hong Kong. The Company's performance is evaluated in USD. The fees, charges and allocations are calculated in USD. All subscriptions and redemptions are transacted in USD.

All assets and liabilities denominated in foreign currencies are translated into USD amounts at the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into USD amounts on the respective dates of such transactions. The Company does not separately account for that portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses on investments in the statements of operations. Adjustments arising from foreign currency transactions are reflected in the statements of operations.

Redemption payable

The Company recognizes redemptions as liabilities, net of the performance fees, when the amount requested in the redemption represents a fixed and determinable obligation. This may generally occur either at the time of the receipt of the notice, or on the last day of a fiscal period, depending on the nature of the request. Redemptions paid after the end of the year, but based upon year-end net asset balances are reflected as redemptions payable at December 31. Redemption notices received for which the dollar amount is not fixed results in net assets not being recognized as a liability until the dollar amount is determined.

Equalization payable

The net asset value of each share of share capital sold or repurchased comprises the par value of the shares, undistributed income, and paid-in and other surplus. When shares are sold or repurchased, the Company calculates the amount of undistributed income available for distribution to its shareholders and, based on the number of shares outstanding, determines the amount associated with each share. The per share amount determined to be associated with undistributed income is credited to the equalization account when shares are sold and charged to the equalization account when shares are repurchased which reduces the required distribution requirement.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

Income taxes

Under current legislation, the Company is not subject to direct taxation in the Cayman Islands and any income subject to tax has been satisfied through withholdings by such tax jurisdictions at prevailing treaty or standard withholding rates, accordingly, no provision for income taxes is reflected in the accompanying financial statements. Certain foreign securities held by the Company may be subject to foreign taxation on gains, dividends and interest income received. Foreign taxes due, if any, are recorded based on the tax laws in the applicable foreign jurisdictions and are shown net of foreign income taxes withheld. For all open tax years and for all major taxing jurisdictions, the Manager had concluded that the entity is exempt from income taxes (other than withholding taxes noted above) and there are no uncertain tax positions that would require recognition in the financial statements. If the Company were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. No interest expense or penalties have been recognized as of or for the year ended December 31, 2016 and the period January 1, 2017 through February 28, 2017. However, the Manager's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors including but not limited to, questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, compliance with foreign income tax laws, and changes in administrative practices and precedents of the relevant taxing authorities. The Company is subject to income tax examinations by major taxing authorities for all tax years since its inception.

5. FAIR VALUE MEASUREMENTS

The Company follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Company's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Company's investments and are summarized in the following fair value hierarchy:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

- Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield-curves, default rates, and similar data.

- Level 3 - Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the Company's own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

Investments for which market quotations are not readily available are fair valued as determined by the Manager. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

Fair value pricing may be used where: (i) an investment is illiquid (restricted securities); (ii) the market or exchange for an investment is closed on an ordinary trading day and no other market prices are available; (iii) the investment is so thinly traded that there have been no transactions in the security over an extended period; or (iv) the validity of a market quotation received is questionable. In addition, fair value pricing will be used if emergency or unusual situations have occurred, such as when trading of a security on an exchange is suspended; or when an event occurs after the close of the exchange on which the security is principally traded that is likely to have changed the value of the investment.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

The use of valuation techniques and the availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors and other characteristics particular to the transaction. As a general principle, the current fair value of an issue of investments being valued by the Manager would be the amount which the owner might reasonably expect to receive for them upon their current sale. The Manager may employ a market-based valuation approach which may use related or comparable investments, recent transactions, market multiples, book values, and other relevant information to determine fair value. The Manager may also use an income-based valuation approach in which anticipated future cash flows of the financial instrument are discounted to calculate fair value. Fair value methods used, which are in accordance with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods. Good faith pricing is permitted if, in the Manager's opinion, the validity of market quotations appears to be questionable based on factors such as evidence of a thin market in the security based on a small number of quotations, a significant event occurs after the close of a market but before a Company's net asset value ("NAV") calculation that may affect a security's value, or the Manager is aware of any other data that calls into question the reliability of market quotations. Good faith pricing may also be used in instances when the investments the Company invests in may default or otherwise cease to have market quotations readily available. Factors that may be considered when fair valuing an investment are: fundamental analytical data relating to the investment; evaluation of the forces that influence the market in which the investment is purchased and sold; type of investment or asset; financial statements of issuer; special reports prepared by analysts or the Manager; information as to any transactions or offers with respect to the security; and the historical tendency of the investment's price to track or respond to general and specific market movements (in terms of indices, sectors, or other market measurements), liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed, and the differences could be material. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for securities categorized in Level 3.

The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2016 and February 28, 2017:

December 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Investments in securities				
Aptorum Therapeutics - related party	$ -	$ -	$ 856,081	$ 856,081
Common stocks	2,113,791	4,577,992	7,920,000	14,611,783
Preferred stocks	-	-	4,314,998	4,314,998
Warrants	15,719	-	1,807,271	1,822,990
Convertible notes	-	-	3,062,461	3,062,461
Corporate bonds	-	314,160	-	314,160
Total assets at fair value	$ 2,129,510	$ 4,892,152	$ 17,960,811	$ 24,982,473

February 28, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Investments in securities				
Aptorum Therapeutics - related party	$ -	$ -	$ 757,647	$ 757,647
Common stocks	1,424203	4,814,191	7,920,000	14,158,394
Preferred stocks	-	-	4,314,998	4,314,998
Warrants	15,155	-	1,907,470	1,922,625
Convertible notes	-	-	3,082,020	3,082,020
Corporate bonds	-	316,296	-	316,296
Total assets at fair value	$ 1,439,358	$ 5,130,487	$ 17,982,135	$ 24,551,980

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

The following is a reconciliation of level 3 assets for the year ended December 31, 2016:

	Aptorum Therapeutics - related party	Common Stocks	Preferred Stocks	Warrants	Convertible Notes	Total
Balance at December 31, 2015	**$ -**	**$ 8,480,000**	**$ 5,049,979**	**$ 144,165**	**$ 1,628,274**	**$ 15,302,418**
Purchases	1,000,000	-	3,399,996	-	1,400,000	5,799,996
Reclassification between different investment type (a)	-	-	(81,406)	83,168	-	1,762
Transfer out of Level 3 (a) (b)	-	-	(4,318,594)	-	-	(4,318,594)
Change in unrealized (depreciation) appreciation	(143,919)	(560,000)	265,023	1,579,938	34,187	1,175,229
Balance at December 31, 2016	**$ 856,081**	**$ 7,920,000**	**$ 4,314,998**	**$ 1,807,271**	**$ 3,062,461**	**$ 17,960,811**
Net change in unrealized (depreciation) appreciation relating to investments still held at 31 December, 2016	(143,919)	(560,000)	265,023	1,579,938	34,187	1,175,229

The following is a reconciliation of level 3 assets for the period January 1, 2017 through February 28, 2017:

	Aptorum Therapeutics – related party	Common Stocks	Preferred Stocks	Warrants	Convertible Notes	Total
Balance at December 31, 2016	**$ 856,081**	**$ 7,920,000**	**$ 4,314,998**	**$ 1,807,271**	**$ 3,062,461**	**$ 17,960,811**
Change in unrealized (depreciation) appreciation	(98,434)	-	-	100,199	19,559	21,324
Balance at February 28, 2017	**$ 757,647**	**$ 7,920,000**	**$ 4,314,998**	**$ 1,907,470**	**$ 3,082,020**	**$ 17,982,135**
Net change in unrealized (depreciation) appreciation relating to investments still held at February 28, 2017	(98,434)	-	-	100,199	19,559	21,324

(a) Rezolute, Inc. was listed on the over-the-counter ("OTC") market beginning in June 2016 and preferred stock with amount of $2,318,594 was transferred to common stock in Level 2 from Level 3 due to observable market data becoming available. Additionally, the Company received some warrants from the investee and the cost was allocated between common stock and warrants, in the amount of the warrants of $83,168 with dividend income being recognized of $1,762.

(b) Obalon Therapeutics was listed on the OTC market beginning in October 2016 and the Company transferred $2,000,000 of preferred stock in the healthcare industry into common stock in Level 2 from Level 3 due to the increased liquidity of the investments due to observable market data becoming available.

(c) The Company policy is to recognize transfers in and transfers out of each level as of the actual date of the event or change in circumstances that caused the transfer.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

Valuation techniques and inputs

A description of the valuation techniques applied to the Company's major classes of assets measured at fair value on a recurring basis follows.

Equity Securities

Equity securities including common stock, warrants and preferred securities, are generally valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Manager believes such prices more accurately reflect the fair value of such securities. Securities that are traded on any stock exchange are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an exchange traded security is generally valued by the pricing service at its last bid price if held long and the last asked price if sold short Securities traded in the NASDAQ Over-the-Counter and Hong Kong Exchanges and Clearing (the "HKEx") market are generally valued by the pricing service at the NASDAQ and HKEx official closing price. When using the market quotations or close prices provided by the pricing service and when the market is considered active, the security will be classified as a Level 1 security. Sometimes, an equity security owned by the Company will be valued by the pricing service with factors other than market quotations or when the market is considered inactive or valued by reference to similar instruments. When this happens, the security will be classified as a Level 2 security. When market quotations are not readily available, when the Manager determines that the market quotation or the price provided by the pricing service does not accurately reflect the current fair value, or when certain restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the Manager. These securities will be categorized as Level 3 securities. The Manager has used inputs such as the financial condition of underlying issuers, anticipated restructuring settlements, and expected liquidation proceeds in determining the fair value of such Level 3 securities.

Unlisted or listed securities for which closing sales prices or closing quotations are not available are valued at the mean between the latest available bid and asked prices or, in the case of preferred equity securities that are not listed or traded in the OTC market, by a third-party pricing service that will use various techniques that consider factors including, but not limited to, prices or yields of securities with similar characteristics, benchmark yields, broker/dealer quotes, quotes of underlying common stock, issuer spreads, as well as industry and economic events.

At each period end, the Company observed the active market price without adjustment to determine the fair value for the equity securities classified as Level 1 securities. The listed securities without sufficient trading volume (less active markets) were classified as Level 2 securities using quoted prices without adjustment to determine the fair value. For the equity securities without market quotations not readily available on if the market was not considered active, the Company measured them using either the recent transaction price or the quoted market price if determined to be representative of fair value.

Fixed Income Securities

Fixed income securities such as convertible notes, when valued using market quotations in an active market, will be categorized as Level 1 securities. However, they may be valued on the basis of prices furnished by a pricing service when the Manager believes such prices more accurately reflect the fair value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. These securities will generally be categorized as Level 2 securities. If the Manager decides that a price provided by the pricing service does not accurately reflect the fair value of the securities, when prices are not readily available from a pricing service, or when certain restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Manager, in conformity with guidelines adopted by and subject to review of the board of directors. These securities will be categorized as Level 3 securities. The Manager has used inputs such as evaluated broker quotes in inactive markets, actual trade prices in relatively inactive markets, multiples of earnings, yields on similar securities, and expected liquidation proceeds in determining the fair value of such Level 3 securities.

The convertible notes were valued based on the unadjusted principal amount with interest as fair value.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

Foreign Securities and Currencies

Foreign securities and currencies are valued in U.S. dollars, based on foreign currency exchange rate quotations supplied by a third-party pricing service. The pricing service uses a proprietary model to determine the exchange rate. Inputs to the model include reported trades and implied bid/ask spreads. The daily valuation of exchange-traded foreign securities generally is determined as of the close of trading on the principal exchange on which such securities trade. Events occurring after the close of trading on foreign exchanges may result in adjustments to the valuation of foreign securities to more accurately reflect their fair value as of the close of regular trading on the New York Stock Exchange. When valuing foreign equity securities that meet certain criteria, the Manager has approved the use of a fair value service that values such securities to reflect market trading that occurs after the close of the applicable foreign markets of comparable securities or other instruments that have a strong correlation to the fair-valued securities.

Corporate Bonds

The fair value of corporate bonds is estimated using recently executed transactions in securities if the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer or credit default swap spreads. The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond or single name credit default swap spreads and recovery rates based on collateral values as key inputs. Corporate bonds are generally categorized in Levels 1 or 2 of the fair value hierarchy. In instances where significant inputs are unobservable, they are categorized in Level 3 of the hierarchy.

Derivative Instruments

The Company records its derivative activities at fair value. Unrealized gains and losses from derivative contracts are included in net change in unrealized appreciation and depreciation on investments in the statements of operations. The Company considers the effects of credit risk and counterparty risk when determining the fair value of its derivatives.

Warrants

Warrants which are listed on securities exchanges are valued at their last reported sales price as of the valuation date. The fair value of warrants are valued using the Black-Scholes option pricing model. This model takes into account the contract terms (including as well as inputs, including time value, volatility ranging from 123% to 131% and from 125% to 134% as of December 31, 2016 and February 28, 2017, respectively, equity prices, interest rates and currency rates). Warrants are generally categorized in Levels 2 or 3 of the fair value hierarchy.

Investments in Private Operating Companies

The Company’s investments in private operating companies consist of direct private common and preferred stock (together or individually “equity”) investments. The transaction price, excluding transaction costs, is typically the Company’s best estimate of fair value at inception. When evidence supports a change to the carrying value from the transaction price, adjustments are made to reflect expected exit values in the investment’s principal market under current market conditions. Ongoing reviews by the Company’s management are based on an assessment of each underlying investment from the inception date through the most recent valuation date. These assessments typically incorporate valuation techniques that consider the evaluation of financing and sale transactions with third parties, an income approach reflecting a discounted cash flow analysis using an appropriate risk-adjusted discount rate, and a market approach that includes comparative analysis of acquisition multiples and pricing multiples generated by market participants. In certain instances, the Company may use multiple valuation techniques for a particular investment and estimate its fair value based on a weighted average or a selected outcome within a range of multiple valuation results.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

The Company also may use the guideline company method of the market approach which involves selecting companies that are similar in size, operating strategy, market position and/or geographic location to the target company. Inputs relied upon by the income approach include annual projected cash flows for each investment through their respective investment horizons. The cash flow assumption may be probability-weighted to reflect the risks associated with achieving expected performance levels across various business scenarios. Investments valued using a market approach utilized valuation multiples times the annual earnings before interest, taxes, depreciation and amortization ("EBITDA"), or another performance metric such as net earnings or revenues. The selected valuation multiples were estimated through comparative analysis of the performance and characteristics of each investment within a range of comparable companies or transactions in the observable marketplace.

Investments in private operating companies also consist of direct private debt investments. The transaction price, excluding transaction costs, is typically the Company's best estimate of fair value at inception. When evidence supports a change to the carrying value from the transaction price, adjustments are made to reflect expected exit values in the investment's principal market under current market conditions. Ongoing reviews by management are based on an assessment of each underlying investment from the inception date through the most recent valuation date. These assessments typically incorporate valuation techniques that consider trends in the performance and credit profile of each underlying investment, evaluation of arm's length financing, an income approach based upon a discounted cash flow analysis and sales transactions with third parties. Inputs relied upon by debt investments using the income approach include an understanding of the underlying company's compliance with debt covenants, the operating performance of the underlying company, trends in liquidity and financial leverage ratios of the underlying company from the point of the original investment to the stated valuation date, an assessment of the credit profile of the underlying company from the original investment to the stated valuation date, as well as an assessment of the underlying company's business enterprise value, liquidation value and debt repayment capacity of each subject debt investment. In addition, inputs include an assessment of potential yield adjustments for each debt investment based upon trends in the credit profile of the underlying company and trends in the interest rate environment from the date of the original investment to the stated valuation date.

These investments in private operating companies are generally included in Level 3 of the fair value hierarchy.

Restricted Securities (Public Companies)

Investments in restricted securities of public companies cannot be offered for sale to the public until the Company complies with certain statutory requirements. The valuation of the securities by management takes into consideration the type and duration of the restriction, but in no event does the valuation exceed the listed price on a national securities exchange or the NASDAQ national market. The Company may apply liquidity discounts to similar publicly traded securities which consider the respective financial performance of the public companies and expected holding period for the restrictions. Investments in restricted securities of public companies are generally included in Level 2 of the fair value hierarchy. However, to the extent that significant inputs used to determine liquidity discounts are not observable, investments in restricted securities in public companies may be included in Level 3 of the fair value hierarchy.

Restricted Securities (Equity and Debt - nonpublic companies)

Restricted securities for which quotations are not readily available are valued at fair value as determined by the Manager. Restricted securities issued by nonpublic entities may be valued by reference to comparable public entities and/or fundamental data relating to the issuer which considers the respective financial performance and expected holding period for the restrictions. Depending on the relative significance of valuation inputs, these instruments may be classified in either Level 2 or Level 3 of the fair value hierarchy.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

Fair Value – Valuation Processes

An Executive Director of the Manager ("ED of the Manager"), reports to the Manager's other directors on a quarterly basis. In the event that a financial instrument cannot be valued based upon a price from a national securities exchange, pricing service provider or broker quotation, or such prices are deemed to not reflect current market value, ED of the Manager may value the financial instrument in good faith under the policies and procedures approved by other board of directors based on current facts and circumstances. Determination of this value may include significant unobservable inputs and therefore would be reflected as Level 3 of the fair value hierarchy.

ED of the Manager reviews and discusses with other professionals the appropriateness of such fair values using more current information such as, recent security news, recent market transactions, updated corporate action information and/or other macro or security specific events. ED of the Manager is responsible for developing the Manager's written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies as well as ensuring that the valuation methodologies for investments that are categorized within Level 3 of the fair value hierarchy are fair, consistent, and verifiable. Valuations determined by the Manager are required to be supported by market data, third-party pricing sources, industry accepted third-party pricing models, counterparty prices, or other methods ED of the Manager deems to be appropriate, including the use of internal proprietary pricing models. When determining the reliability of third-party pricing information for investments owned by the Manager, ED of the Manager, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The following table presents the quantitative information about the Company's Level 3 fair value measurements of investment as of December 31, 2016, which utilized significant unobservable internally-developed inputs:

	Fair value $	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity of fair value to input
Common stocks	$ 7,920,000	Unadjusted transaction price	Not applicable	Not applicable	Not applicable
Preferred stocks	4,314,998	Unadjusted transaction price	Not applicable	Not applicable	Not applicable
Convertible notes	3,062,461	Discounted cash flow model	Remaining maturities discount rates	7-29 months (11 months) 4% - 10% (4%)	Not applicable
Aptorum Therapeutics – related party	856,081	Manager recommendation	Unadjusted purchase price of prepaid patented and prepaid unpatented license agreements plus net working capital	Not applicable	Not applicable
Warrants	1,807,271	Black-Scholes Model	Estimated time to exit Historical Volatility	4-66 months 123% - 131%	10% increase (decrease) in volatility would result in increase (decrease) in fair value by US$109,351
Total	$ 17,960,811				

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

The following table presents the quantitative information about the Company's Level 3 fair value measurements of investment as of February 28, 2017, which utilized significant unobservable internally-developed inputs:

	Fair value $	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity of fair value to input
Common stocks	$ 7,920,000	Unadjusted transaction price	Not applicable	Not applicable	Not applicable
Preferred stocks	4,314,998	Unadjusted transaction price	Not applicable	Not applicable	Not applicable
Convertible notes	3,082,020	Discounted cash flow model	Remaining maturities discount rate	5-27 months (9 months) 4% - 10% (4%)	Not applicable
Aptorum Therapeutics – related party	757,647	Manager recommendation	Unadjusted purchase price of prepaid patented and prepaid unpatented license agreements plus net working capital	Not applicable	Not applicable
Warrants	1,907,470	Black-Scholes Model	Estimated time to exit Historical Volatility	2-64 months 125% - 134%	10% increase (decrease) in volatility would result in increase (decrease) in fair value by US$116,211
Total	$ 17,982,135				

The significant unobservable inputs used in the fair value measurement of the entity's asset-backed securities are the probability of default and loss severity in the event of default. Significant increases or decreases in either of those inputs in isolation would result in a significantly lower or higher fair value measurement. Generally, a change in the assumption used for the probability of default is accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates.

In the normal course of business, the Company utilizes derivative financial instruments in connection with its proprietary trading activities. Investments in derivative contracts are subject to additional risks that can result in a loss of all or part of an investment. In addition to its primary underlying risks, the Company is also subject to additional counterparty risk should its counterparties fail to meet the terms of their contracts. The Company records its derivative activities at fair value. Derivative contracts include warrants.

Derivative contracts

In the normal course of business, the Company utilizes derivative contracts in connection with its proprietary trading activities. Investments in derivative contracts are subject to additional risks that can result in a loss of all or part of an investment. The Company's derivative activities and exposure to derivative contracts are classified by the following primary underlying risk: equity price. In addition to its primary underlying risk, the Company is also subject to additional counterparty risk due to inability of its counterparties to meet the terms of their contacts. As of December 31, 2016 and February 28, 2017, the Company's financial instruments and derivative instruments are not subject to a master netting arrangement.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

Warrants

The Company may receive warrants in the normal course of pursuing its investment objectives or warrants from its portfolio companies upon an investment in the debt or equity of a portfolio company. Warrants provide the Company with exposure and potential gains upon equity appreciation of the portfolio company's share price. The value of a warrant has two components—time value and intrinsic value. A warrant has a limited life and expires on a certain date.

As of December 31, 2016 and February 28, 2017, the volume of the Company's derivative activities based on their notional amount and number of contracts, categorized by primary underlying risk, are as follows:

	Long Exposure			
	December 31, 2016		February 28, 2017	
Primary underlying risk	Notional Amounts	Number of Contracts	Notional Amounts	Number of Contracts
Equity Price				
Warrants (a)(b)	$ 2,373,680	2,418,898	$ 2,459,632	2,418,898

(a) Outstanding contracts and notional amounts at year-end are indicative of the volume of activity during the period.
(b) Notional options and warrants are based on the number of contracts times the fair value of the underlying investments as if exercised at December 31, 2016 and February 28, 2017.

The following table identifies the fair value amounts of derivative instruments included in the statement of financial condition as derivative contracts, categorized by primary underlying risk, at December 31, 2016 and February 28, 2017. The following table also identifies the net gain and loss amounts included in the statements of operations as net unrealized gain from derivative contracts, categorized by primary underlying risk, for the year ended December 31, 2016 and the period January 1, 2017 through February 28, 2017:

	Year ended December 31, 2016			
Primary underlying risk	Derivative assets	Derivative liabilities	Realized gain (loss)	Unrealized gain
Equity Price				
Warrants	$ 1,822,990	$ -	$ -	$ 1,436,859

	January 1, 2017 through February 28, 2017			
Primary underlying risk	Derivative assets	Derivative liabilities	Realized gain (loss)	Unrealized gain
Equity Price				
Warrants	$ 1,922,625	$ -	$ -	$ 99,635

The significant accounting policies related to recording of derivatives and related gains, by primary underlying risks, have been summarized in Note 9.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

6. INVESTMENTS IN APTORUM THERAPEUTICS - RELATED PARTY

During the year ended December 31, 2016, the Company purchased an investment in a related party for $1,000,000 and the value of each unconsolidated direct and indirect wholly and majority owned subsidiary, on a predecessor basis, in the aggregate is presented as such in the schedule of investments as of December 31, 2016 and February 28, 2017.

The fair value of subsidiaries as of the effective date of the change in status on March 1, 2017 was $757,647 (see Note 5).

7. FUND TERMS AND RELATED PARTY TRANSACTIONS

The Company is managed by the Manager, a company incorporated in Hong Kong. The Manager is responsible, subject to the policies, controls and approval of the board of directors, for the investment of the Company's assets. As at December 31, 2016 and February 28, 2017, the Manager held ten management shares of the Company. Details of the fees to which the Manager is entitled are set out below.

Management fees

The Manager is entitled to receive a management fee at an annual rate of 2.5% on NAV of the Company, which is calculated and payable monthly in arrears. The management fees for the year ended December 31, 2016 and the period January 1, 2017 through February 28, 2017 was $641,807 and $108,958, respectively. As of December 31, 2016 and February 28, 2017, management fees of $167,788 and $108,958, respectively, were payable to the Manager.

Performance fees

The Manager is also entitled to receive an annual performance fees of 15% of the appreciation in the NAV per share during the period above the "high water mark" of the share, which is payable annually in arrears. The performance fees are paid on a "high water mark" basis, that is, only to the extent that the increase in NAV of the shares (before deduction of any accrued performance fees) exceeds the highest cumulative level of such increase in NAV of such shares as of the most recent financial period end valuation date. The performance fees for the year ended December 31, 2016 and the period January 1, 2017 through February 28, 2017 was $nil. Accordingly, as of December 31, 2016 and February 28, 2017, performance fees of $nil were payable to the Manager, respectively.

Director transaction

Chung Yuen Ian Huen, a director of the Company, is also a Managing Director and Senior Economist of the Manager. No director fee was paid to him the year ended December 31, 2016 and the period January 1, 2017 through February 28, 2017. As of December 31, 2016 and February 28, 2017, Mr. Huen holds a direct interest in 223,113.149 and 223,075.963 redeemable participating shares of the Company, respectively.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

8. SHARE CAPITAL AND REDEEMABLE PARTICIPATING SHARES

	December 31, 2016	February 28, 2017
Authorized:		
10 management shares of US$0.01 each	$ 0.10	$ 0.10
4,999,990 redeemable participating shares of US$0.01 each	49,999.90	49,999.90
	$ 50,000.00	$ 50,000.00
Issued and fully paid:		
10 management shares of US$0.01 each as of December 31, 2016 and February 28, 2017	$ 0.10	$ 0.10
256,664.088 and 256,571.123 redeemable participating shares of US$0.01 each as of December 31, 2016 and February 28, 2017	2,566.64	2,565.71
	$ 2,566.74	$ 2,565.81

As at December 31, 2016 and February 28, 2017, ten management shares have been issued to the Manager. The management shares are issued for the purpose of enabling all the redeemable participating shares to be redeemed without liquidating the Company. The management shares carry the right to return the nominal amount paid up thereon the winding up of the Company. The management shares carry no right to any dividend and may not be redeemed.

Redeemable participating shares of such class or classes as the directors may from time to time designate may be issued by the Company on any dealing day, i.e., the first business day of each calendar month at NAV per share calculated in accordance with the PPM. The shareholder may request such redemption three months prior to the relevant dealing date. Applications must be received together with application moneys in cleared funds on the business day immediately preceding the relevant dealing date.

If redeemable participating shares are issued at a time when the NAV per redeemable participating share of the relevant class is less than the peak NAV per redeemable participating share, the investor will be required to pay performance fees with respect to any subsequent appreciation in the value of those redeemable participating shares.

However, if redeemable participating shares are issued at a time when the NAV per redeemable participating share of the relevant class is greater than the peak NAV per share, the shareholder will be required to pay an additional equalization credit equal to 15 percent of the difference between the then current NAV per redeemable participating share, before deduction of any accrued performance fees, and the peak NAV per share.

Redeemable participating shares do not carry the right to vote, except in the event of a proposal that would vary the rights of the redeemable participating shares. The holders are entitled to receive all dividends declared and paid by the Company. Upon winding up, the holders are entitled to a return of capital based on the NAV per share of the Company.

The movement of the number of issued and fully paid redeemable participating shares was as below:

	Year ended December 31, 2016	January 1, 2017 through February 28, 2017
At beginning of the period	228,244	256,664
Issued during the period	28,420	-
Equalization debit	-	(93)
At end of the period	256,664	256,571

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

The movement of NAV of issued and fully paid redeemable participating shares was as below:

	Year ended December 31, 2016	January 1, 2017 through February 28, 2017
Beginning net assets	$ 24,358,924	$ 25,114,746
Net decrease in net assets resulting from operations	(2,134,515)	(626,084)
Amounts issued	2,900,000	-
Returns of capital	-	(9,663)
Equalization (debit) credit	(9,663)	9,663
Ending net assets	$ 25,114,746	$ 24,488,662

During the year ended December 31, 2016, 28,420 redeemable participating shares were issued to seven holders at a price of net asset value from $101 to $107 per share, the Company has received gross proceeds of $2,525,000 and $375,000 in year 2016 and 2015, respectively. Redeemable participating shares do not carry the right to vote, except in the event of a proposal that would vary the rights of the redeemable participating shares. The holders are entitled to receive all dividends declared and paid by the Company. Upon winding up, the holders are entitled to a return of capital based on the net asset value per share of the Company.

On February 28, 2017, the Company entered into a restructuring plan with shareholders (the “Restructuring Plan”), according to which, the Company changed from an investment fund with management shares and non-voting participating redeemable preference shares to a holding company with operating subsidiaries. (See Note 4 for further discussion regarding the change in status)

9. PRINCIPAL RISKS

INTRODUCTION

Risk is inherent in the Company’s activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company’s continuing profitability. The Company is exposed to market risk (which includes interest rate risk, currency risk and price risk), liquidity risk and credit risk arising from the financial instruments it holds.

The board of directors is ultimately responsible for identifying and controlling risks.

The Company’s risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and also unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The model makes use of the probabilities derived from historical experience, adjusted to reflect the economic environment. Management believes that these estimates are reasonable and prudent. Actual results could differ from their estimates and the difference could be material.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of the risk that Company is willing to accept. In addition, the Company monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

The Company has investment guidelines that set out its overall business strategies, its tolerance for risk along with its general risk management philosophy and have established processes to monitor and control economic hedging transactions in a timely and accurate manner. The Company uses derivatives and other instruments for trading purposes and also in connection with its risk management activities.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

Concentration arises when a number of counterparties are engaged in similar business activities, activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentration of risk, the Company's policies and procedures include specific guidelines that require focusing on maintaining a diversified portfolio.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables such as interest rate, foreign exchange rates and equity prices.

The maximum risk resulting from financial instruments equals their fair value.

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

Interest rate risk sensitivity analysis

The Company invests in debt securities particularly in corporate bonds mostly concentrated in the financial industry, of which their market value changes subject to fluctuations in the prevailing levels of market interest rates. An increase of 100 basis points in interest rates as at the end of reporting period would have decreased the net assets attributable to holders of redeemable participating shares by $8,564 and $8,293 as of December 31, 2016 and February 28, 2017, respectively. A decrease in 100 basis points would have had an equal but opposite effect.

Apart from the exposure resulted from the aforementioned debt securities holdings at the end of reporting period, the Company's cash held with the Cash Custodian and Credit Suisse AG, Hong Kong Branch ("Credit Suisse," the "Custodian" or the "Prime Broker") are exposed to interest rate risk. However, the directors consider the risk to be minimal as they are short-term with terms less than one month.

(b) Currency risk

Currency risk is the risk that the value of financial assets or liabilities will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk from its investments which are denominated in currencies other than US$. Consequently, the exchange rate to its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than US$.

The Company's currency exposure is measured and monitored on a regular basis by the Manager.

Currency risk sensitivity analysis

At December 31, 2016 and February 28, 2017, the Company has no significant foreign currency risk because its business is principally conducted in Hong Kong and most of the transactions are denominated in Hong Kong dollar. Since the Hong Kong dollar is pegged to the United States dollar, the Company's exposure to foreign currency risk in respect of the balances denominated in Hong Kong dollars is considered to be minimal.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

(c) Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equities or equity-linked derivatives as the result of changes in the levels of equity indices and the value of individual shares. The Company has been exposed to price risk on all of its equities investments and equities-linked derivatives.

Management's best estimate of the effect on net assets and profit due to a reasonably possible change of relevant benchmarks, with all other variables held constant is as follows. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial assets and liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

The Company is exposed to cash redemptions of its redeemable participating shares on a regular basis. Shares are redeemable at the holder's option based on the Company's NAV per share at the time of redemption calculated and are subject to redemption terms in accordance with the Company's PPM as disclosed in note 8 to the financial statements. This is managed by requiring a three-month notice period before redemption.

The Company invests in private equities which are generally unquoted and not readily marketable. The Company manages its liquidity risk by setting investment limits on unlisted securities that cannot be readily disposed of. Investment of the Company's assets in unquoted securities may restrict the ability of the Company to dispose of its investment at a price and time it wishes to do so. The Company is restricted to invest not more than 30 percent of its latest available NAV in unquoted securities provided that it may hold any of such securities which the Manager expects to be listed within 12 months from the end of reporting period. The majority investors agreed to waive the restriction.

CREDIT RISK

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment (including the payment of amounts arising from derivative contracts) in full when due, that the issuer or counterparty have entered into with the Company.

Financial assets which potentially subject the Company to concentrations of credit risk consist principally of bank deposits and balances, assets held with the Custodian/Prime Broker, derivatives where the brokers are the counterparty and the Company's debt securities investments.

The Custodian/Prime Broker provides the clearing and depository operations for the Company's security transactions. The Custodian/Prime Broker also provides loans and financing to the Company and assets held by the Custodian/Prime Broker will be charged as a continuing security for the payment and discharge of all liabilities of the Company.

The Company is also exposed to credit risk on the cash held with the Custodian/Prime Broker amounting to $140,760 and $9,655 as of December 31, 2016 and February 28, 2017. The credit rating ascribed by Standard and Poor's to Credit Suisse as of December 31, 2016 and February 28, 2017 was A, respectively.

Furthermore, the Company takes on exposure to credit risk on cash balances held with DBS Bank Ltd, Hong Kong Branch for the purposes of subscriptions and redemptions into/out of the Company or for the purposes of payments of Company expenses such as management fee, administration fee and other Company-related fees.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

All transactions in listed securities are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. The Company limits its exposure to credit risk by transacting all of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Company considers to be well established.

The Company is also exposed to credit risk on its investment in debt securities. The Manager monitors the credit risk of each individual debt securities and its issuer by monitoring their credit quality and financial position.

CONCENTRATION RISK

The table below analyses the Company's concentration of equity price risk by distribution:

	December 31, 2016	February 28, 2017
Country and Region		
United States of America	$ 23,604,329	$ 23,259,579
Hong Kong	1,063,984	976,105
Mainland China	314,160	316,296
Total	$ 24,982,473	$ 24,551,980
Industry		
Pharmaceutical and biotechnology	$ 21,856,085	$ 21,339,387
Healthcare	2,604,325	2,677,839
Financial services	207,903	218,458
Bank	314,160	316,296
Total	$ 24,982,473	$ 24,551,980

INVESTMENTS IN DERIVATIVES RISK

Warrants

Since warrants have a limited life, as the expiration date of a warrant approaches, the time value of a warrant will decline. In addition, if the stock underlying the warrant declines in price, the intrinsic value of an "in the money" warrant will decline. Further, if the price of the stock underlying the warrant does not exceed the strike price of the warrant on the expiration date, the warrant will expire worthless. As a result, there is the potential for the Company to lose its entire investment in a warrant. The Company is exposed to counterparty risk from the potential failure of an issuer to settle its exercised warrants. The maximum risk of loss from counterparty risk to the Company is the fair value of the contracts and the purchase price of the warrants.

10. LINE OF CREDIT

The Company entered into a line of credit agreement with its Custodian on February 24, 2014, subsequently renewed on November 22, 2016 for investment leverage and hedging purposes and cancelled on August 22, 2017.

The line of credit included sub-limits on fixed advances and overdraft advances with annual interest rate of 1.5% and 2.0%, respectively; and interest on which would be charged at a spread above the cost of funds and/or the overdraft rate for the relevant currency as determined by Credit Suisse.

APTORUM GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (PREDECESSOR BASIS)
(Stated in U.S. Dollars)

The line of credit had the following termination events: (a) any breach the clause in the line of credit agreement; (b) any breach of the Company or its affiliates in respect of and including but not limited to the constitutive documents, the memorandum and article of association, then management agreement and disclosure documents and any prospectus, subscription agreement, custody agreement, agency agreement or any other document or agreement to which it was a party or was binding on it as amended from time to time or any other related agreement; (c) any change of Ian Huen as the director of the Company without the prior written consent of Credit Suisse; (d) Guardian Capital Management Limited ceased to act as the Manager without the prior written consent of Credit Suisse; (e) Ian Huen ceased to be the director of the Manager without the prior written consent of Credit Suisse; (f) the Manager ceased to hold all of the management shares of the Company; (g) the Company was not owned as to 90% or more, directly or indirectly by Ian Huen, and Huen Ng Sui Fong, Isabel (each a "Specified Owner") or if the Company was owned more than 10% by any person singly other than a Specified Owner; (h) the custody agreement was terminated or Credit Suisse ceased to be the sole custodian in respect of the Company's listed securities; (i) the NAV of the Company declined by 30% or more within a 12 months rolling period; or by 20% or more within a three months rolling period; or by 15% or more for the most recent month end; (j) any listing of the Company or its affiliates at a stock change; (k) creation of one or more new class of shares which had the result that less than 100% of the assets of the Company were available to Credit Suisse to satisfy the Company's obligation towards Credit Suisse without the prior written consent of Credit Suisse; (l) an event had occurred or a situation new to the Bank had arisen which might have an impact on Credit Suisse's reputation and made it impossible for Credit Suisse to continue the grant of the facilities; (m) material reservations of the auditors (if any) of the Company; (n) in Credit Suisse's opinion, a material change in the direct or indirect ownership/control structure of the Company had occurred; and (o) any default or event of default, or failure to comply with any payment obligation occurred under any document executed pursuant to any credit or trading facilities extended by Credit Suisse, any of its branches or its affiliates to the Company or any one of the Company's affiliates.

Borrowings of $2,086,702 have been repaid by the Company during the year ended December 31, 2016. The Company was in compliance with all covenants. The Company had unused line of credit of $10,000,000 as of December 31, 2016.

11. GUARANTEES

In the normal course of its operations, the Company enters into contracts and agreements that contain indemnifications and warranties. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

12. FINANCIAL HIGHLIGHTS

Financial highlights for the year ended December 31, 2016 and the period January 1, 2017 through February 28, 2017 are as follows:

	Year ended December 31, 2016	January 1, 2017 through February 28, 2017
Per Share Operating Performance:		
Net Asset Value - Beginning	**$ 106.72**	**$ 97.85**
Decrease in net assets resulting from operations:		
Net investment loss	(3.30)	(0.85)
Net realized and unrealized loss on investments	(5.57)	(1.55)
Net Asset Value - Ending	**$ 97.85**	**$ 95.45**
Total Return:		
Total return before performance fees	(8.31%)	(2.45%)
Performance fees	-	-
Total Return After Performance Fees	(8.31%)	(2.45%)
Ratio to Average Net Assets:		
Operating expenses (including interest)	3.55%	0.92%
Performance fees	-	-
Total Expenses	**3.55%**	**0.92%**
Net Investment Loss, Before Performance Fees	**(3.20%)**	**(0.90%)**

Financial highlights are calculated for each permanent, non-managing class of participating shares. An individual shareholder's end of year NAV per share, total return and ratios may vary based on participation in different management fee and performance fees arrangements and the timing of shareholder transactions. The ratios are computed using a weighted-average of the net assets for the year ended December 31, 2016 and for the period January 1, 2017 through February 28, 2017, respectively. Due to the change in status from an investment company to an operating company (see Note 4) the ratios for the period from January 1, 2017 through February 28, 2017 was not annualized. The net investment loss ratio does not reflect the effects of performance fees.

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

13. ORGANIZATION

The consolidated financial statements include the financial statements the Company and its subsidiaries. The Company and its subsidiaries are hereinafter collectively referred to as the "Group."

After the Restructure as on March 1, 2017 (see Note 1 and 2), the Company has become a Hong Kong based pharmaceutical company currently in the preclinical stage. The Company researches and develops life science and biopharmaceutical products within its wholly-owned subsidiary, Aptorum Therapeutics Limited, formerly known as APTUS Therapeutics Limited ("Aptorum Therapeutics") and its indirect subsidiary companies (collectively, "Aptorum Therapeutics Group").

Below summarizes the list of the subsidiaries consolidated as of December 31, 2017:

Name	Incorporation date	Ownership	Place of incorporation	Principle activities
Aptorum Therapeutics Limited	June 30, 2016	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
APTUS MANAGEMENT LIMITED	May 16, 2017	100%	Hong Kong	Provision of management services to its holding company and fellow subsidiaries
Aptus Therapeutics (Hong Kong) Limited	June 30, 2016	100%	Hong Kong	Research and development of life science and biopharmaceutical products
APTUS BIOTECHNOLOGY (MACAO) LIMITED	June 6, 2016	99%	Macao	Inactive
Videns Incorporation Limited (Formally named Videns Biosciences Limited and VIDENS CORPORATION)	March 2, 2017	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
mTOR (Hong Kong) Limited	November 4, 2016	90%	Hong Kong	Research and development of life science and biopharmaceutical products
Videns Incorporation (Hong Kong) Limited	July 3, 2017	100%	Hong Kong	Inactive
Nativus Life Sciences Limited	July 7, 2017	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
Scipio Life Sciences Limited	July 19, 2017	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
Claves Life Sciences Limited	August 2, 2017	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
Nativus Life Sciences (Hong Kong) Limited	August 8, 2017	100%	Hong Kong	Inactive

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

Name	Incorporation date	Ownership	Place of incorporation	Principle activities
Scipio Life Sciences (Hong Kong) Limited	August 10, 2017	100%	Hong Kong	Inactive
Signate Life Sciences (Hong Kong) Limited	August 10, 2017	100%	Hong Kong	Inactive
Claves Life Sciences (Hong Kong) Limited	August 22, 2017	100%	Hong Kong	Inactive
Aptorum Pharmaceutical Development Limited	August 28, 2017	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
Aptorum Medical Limited	August 28, 2017	100%	Cayman Islands	Provision of medical clinic services
Signate Life Sciences Limited	August 28, 2017	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
Acticule Life Sciences Limited	June 30, 2017	100%*	Cayman Islands	Research and development of life science and biopharmaceutical products
Acticule Life Sciences (Hong Kong) Limited	July 27, 2017	100%	Hong Kong	Inactive

* The total shares of Acticule Life Sciences Limited is 1,000,001, which the Company held 1,000,000 shares, approximately 100% equity interest of Acticule Life Sciences Limited.

14. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements are prepared in accordance with U.S. GAAP.

As of March 1, 2017, after the change of business purpose, legal form and substantive activities, the Company's status changed to an operating company from an investment company since it no longer met the criteria to qualify as an investment company under the ASC 946. The Company discontinued applying the guidance in ASC 946 and began to account for the change in status prospectively by accounting for its investments in accordance with other U.S. GAAP topics.

Principles of consolidation

The consolidated financial statements of the Group are presented on the accrual basis of accounting in accordance with U.S. GAAP and include the accounts of the Company, its direct and indirect wholly and majority owned subsidiaries and a variable interest entity. All material intercompany balances and transactions have been eliminated in preparation of the consolidated financial statements. Non-controlling interests represent the equity interest that is not owned by the Group.

Use of estimates

The preparation of the consolidated financial statements on successor basis in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations as well as income and expenses during the reporting period. Significant accounting estimates reflected in the Group's consolidated financial statements include fair value of investments in securities, the useful lives of intangible assets and equipment, impairment of long-lived assets, collectability of receivables. Actual results could differ from those estimates.

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

Foreign currency translation and transaction

USD is the reporting currency. The functional currency of subsidiaries in the Cayman Islands is USD, the functional currency of subsidiaries in Hong Kong is Hong Kong Dollars ("HKD") and the functional currency of subsidiaries in Macao is Macanese Pataca ("MOP"). An entity's functional currency is the currency of the primary economic environment in which it operates, normally that is the currency of the environment in which it primarily generates and expends cash. The management considered various indicators, such as cash flows, market expenses, financing and inter-company transactions and arrangements in determining the Group's functional currency.

In the consolidated financial statements, the financial information of the Company and its subsidiaries, which use HKD and MOP as their functional currency, has been translated into USD. Assets and liabilities are translated from each subsidiary's functional currency at the exchange rates on the balance sheet date, equity amounts are translated at historical exchange rates, and revenues, expenses, gains, and losses are translated using the average rate for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of other comprehensive income or loss in the statement of shareholders' equity and comprehensive income.

Cash

Cash consists of cash on hand and bank deposits and cash denominated in foreign currencies, which is unrestricted as to withdrawal and use.

Restricted Cash

Restricted cash relates to cash deposited into the escrow account from investors for the purpose of the subscription of convertible notes.

Marketable Securities

Marketable Securities are accounted for as trading securities or available-for-sale based on the trading purpose, which are measured at fair value. Gains or losses from changes in fair value of trading securities are recorded through earnings. Gains or losses from changes in the fair value of available-for-sale securities are recorded in accumulated other comprehensive income, until the investment is sold or otherwise disposed of, or until the investment is determined to be other-than-temporarily impaired, at which time the cumulative gain or loss previously reported in equity is included in income. The specific identification method is used to determine the realized gain or loss on investments sold or otherwise disposed.

The Group measures the investments in marketable securities at fair value based on quoted market prices. Gains from the marketable securities amounting to $3,912,500 were recognized in the consolidated statement of operations for the period from March 1, 2017 to December 31, 2017. The Group recognized the unrealized loss on investments in available-for-sale securities amounting to $367,782 for the period from March 1, 2017 to December 31, 2017.

During the period from March 1, 2017 to December 31, 2017, the Group disposed the trading securities and available-for-sale securities, with sales proceeds of $15,738,517 and $310,550 received, and recognized a gain of $3,917,046 and a loss of $4,546 in the consolidated statement of operations for the period from March 1, 2017 to December 31, 2017, respectively.

Investments in Derivatives

Investments in derivatives consisted of warrants, which are measured at fair value, with gains or losses from changes in fair value recorded through earnings.

Loss on the warrants amounted to $827,501 was recognized in the consolidated statement of operations for the period from March 1, 2017 to December 31, 2017.

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

Non-marketable investments

Non-marketable investments are comprising of investments in non-redeemable preferred shares of privately-held companies accounted for under the cost method and are not required to be consolidated under the variable interest or voting models. Non-marketable investments are classified as non-current assets on the Consolidated Balance Sheet as those investments do not have stated contractual maturity dates. Non-marketable equity investments are measured at purchase cost with appropriate consideration given to impairment.

As of December 31, 2017, investments accounted for under the cost method had a carrying value of $7,394,713.

Fair value measurement

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact its business, and it considers assumptions that market participants would use when pricing the asset or liability.

As a basis for considering such assumptions, a three-tier fair value hierarchy prioritizes the inputs utilized in measuring fair value as follows:

- Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The hierarchy requires the Group to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Group has estimated the fair value amounts of its financial instruments using the available market information and valuation methodologies considered to be appropriate and has determined that the carrying value of the Group's cash, restricted cash, receivables related to investment, interest receivable, receivables from brokers, other receivable and prepayments, amounts due from/to related parties, accounts payable and accrued expenses as of December 31, 2017 approximate fair value.

Equipment

Equipment is stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Maintenance, repairs and betterments, including replacement of minor items, are charged to expense; major additions to physical properties are capitalized.

Depreciation of equipment is provided using the straight-line method over their estimated useful lives:

Computer equipment	3 years
Laboratory equipment	5 years

Upon sale or disposal, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount less proceeds from disposal is charged or credited to income.

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

Intangible assets

Indefinite-lived intangible assets are tested for impairment at least annually and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Indefinite-lived intangible assets are impaired if their estimated fair values are less than their carrying values.

Finite-lived intangible assets are initially recorded at fair value when acquired, in which the finite intangible assets are amortized over their estimated useful life, which is the period over which the assets are expected to contribute directly or indirectly to the future cash flows of the Group. These intangible assets are tested for impairment at the time of a triggering event, if one were to occur. Finite-lived intangible assets may be impaired when the estimated undiscounted future cash flows generated from the assets are less than their carrying amounts.

The Group may rely on a qualitative assessment when performing its intangible asset impairment test. Otherwise, the impairment evaluation is performed at the lowest level of identifiable cash flows independent of other assets.

The Group's intangible assets mainly consist of exclusive rights in prepaid patented and unpatented licenses. The prepaid patented licenses are for clinical purpose or further development into other products. Prepaid unpatented license is for further development, once the associated research and development efforts are completed, the prepaid unpatented license will be reclassified as a finite-lived asset and is amortized over its useful life. The estimated useful life of the exclusive rights in using patents is generally the remaining patent life from the acquisition date to expiration date under the law, which is 17 to 20 years, the Group will reassess the remaining patent life on annual basis, and the Group will assess the intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable.

Impairment of long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. When these events occur, the Group measures impairment by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, the Group would recognize an impairment loss, which is the excess of carrying amount over the fair value of the assets, using the expected future discounted cash flows.

Convertible promissory notes

The Group determines the appropriate accounting treatment of its convertible promissory notes in accordance with the terms in relation to the conversion feature, call and put option, beneficial conversion feature and settlement feature. After considering the impact of such features, the Group concludes that, as of December 31, 2017, the convertible promissory notes contain a contingent beneficial conversion, which shall not be recognized in earnings until the contingency is resolved, and therefore accounts for such instrument as a liability in its entirety.

Convertible promissory notes are classified as a current liability if their maturity is or will be within one year from the balance sheet date.

Revenue recognition

Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

After the Restructure, the Group has yet to generate operating income stream from its pharmaceutical products for the period from March 1, 2017 to December 31, 2017.

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

Research and development expenses

Research and development costs are expensed as incurred. Research and development expenses are comprised of costs incurred in performing research and development activities, including amortization of the patent license, depreciation of laboratory equipment, external costs of outside vendors engaged to conduct preclinical development activities and trials.

Income taxes

The Group accounts for income taxes under the asset and liability method. Under this method, deferred income taxes are determined based on differences between the financial carrying amounts of existing assets and liabilities and their tax bases. Income taxes are provided for in accordance with the laws of the relevant taxing authorities.

A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will either expire before the Group is able to realize their benefits, or that future deductibility is uncertain. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Uncertain tax positions

The Group accounts for uncertainty in income taxes using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. Interest and penalties related to uncertain tax positions are recognized and recorded as necessary in the provision for income taxes. The Group recognizes interest on non-payment of income taxes and penalties associated with tax positions when a tax position does not meet more likely than not thresholds be sustained under examination. The tax returns of the Group’s Hong Kong subsidiaries and VIEs are subject to examination by the relevant tax authorities. According to the Hong Kong Inland Revenue Department, the statute of limitation is six years if any company chargeable with tax has not been assessed or has been assessed at less than the proper amount, the statute of limitation is extended to ten years if the underpayment of taxes is due to fraud or willful evasion. The Group did not have any material interest or penalties associated with tax positions for the period ended December 31, 2017 and did not have any significant unrecognized uncertain tax positions as of December 31, 2017. The Group does not believe that its assessment regarding unrecognized tax benefits will materially change over the next twelve months.

Comprehensive income or loss

U.S. GAAP generally requires that recognized revenue, expenses, gains and losses be included in net income or loss. Although certain changes in assets and liabilities are reported as separate components of the equity section of the consolidated balance sheet, such items, along with net income, are components of comprehensive income or loss. The components of other comprehensive income or loss consist of unrealized gain or loss on available for sale short term investments.

Loss per share

After the Restructure, basic loss per share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares. Potential dilutive securities are excluded from the calculation of diluted EPS in loss periods as their effect would be anti-dilutive.

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

Recently issued accounting standards

In May 2014, the FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, or ASU 2014-09. This new standard (Topic 606) will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to correlate with the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB voted to defer the effective date of ASU 2014-09 by one year, while allowing a company to adopt the new revenue standard early but not before the original effective date.

In March 2016, the FASB issued ASU 2016-08, which amends the principal-versus-agent implementation guidance and illustrations in the new revenue standard. ASU No. 2016-08 specifically provides clarification around performance obligations for goods or services provided by another entity, assisting in determining whether the entity is the provider of the goods or services, the principal, or whether the entity is providing for the arrangement of the goods or services, the agent.

In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers* (Topic 606): Identifying Performance Obligations and Licensing. ASU No. 2016-10 provides guidance around identifying whether promised goods or services are distinct and separately identifiable, whether promised goods or services are material or immaterial to the contract, and whether shipping and handling is considered an activity to fulfill a promise or an additional promised service. ASU No. 2016-10 also provides guidance around an entity's promise to grant a license providing a customer with either a right to use or a right to access the license, which then determines whether the obligation is satisfied at a point in time or over time, respectively.

In May 2016, the FASB issued ASU No. 2016-11, *Revenue Recognition* (Topic 605) and *Derivatives and Hedging* (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16. Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting, which rescinds various standards codified as part of Topic 605, Revenue Recognition in relation to the future adoption of Topic 606. These rescissions include changes to topics pertaining to revenue and expense recognition including accounting for shipping and handling fees and costs and accounting for consideration given by a vendor to a customer.

The above standards will be effective for us on January 1, 2019 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Group is an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2010 (the "JOBS Act"). Under the JOBS Act, emerging growth companies ("EGCs") can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. Therefore, the Group will not be subject to the same new or revised accounting standards as public companies that are not EGCS. The management has not yet selected a transition method.

Management is developing an adoption plan based on which the Group is in the process of evaluating the effects of adopting ASC606, including the selection of the adoption method, the identification of differences using sample contracts, if any, from the application of current revenue recognition standard and the impact of such differences, if any, on its consolidated financial statements. The Group is currently evaluating the impact of adopting ASU No. 2016-11 on its consolidated financial statements.

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Recognition and Measurement of Financial Assets and Financial Liabilities.* The amendments in this update address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The amendments in this update require public business entities that are required to disclose fair value of financial instruments measured at amortized cost on the balance sheet to measure that fair value using the exit price notion consistent with Topic 820, Fair Value Measurement. The amendments in this update require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option. The amendments in this Update require separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or in the accompanying notes to the financial statements. In addition, according to ASU No. 2016-01, all equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) will generally be measured at fair value through earnings. For equity investments without readily determinable fair values, the cost method is also eliminated. However, entities will be able to elect to record equity investments without readily determinable fair values at cost, less impairment, adjusted for subsequent observable price changes. Entities that elect this measurement alternative will report changes in the carrying value of the equity investments in current earnings. This election only applies to equity investments that do not qualify for the net asset value practical expedient. The impairment model for equity investments subject to this election is a single-step model. Under the single-step model, an entity is required to perform a qualitative assessment each reporting period to identify impairment. When a qualitative assessment indicates an impairment exists, the entity would estimate the fair value of the investment and recognize in current earnings an impairment loss equal to the difference between the fair value and the carrying amount of the equity investment. The measurement alternative may be elected separately on an investment by investment basis for each equity investment without a readily determinable fair value. Once elected, it should be applied consistently as long as the investment meets the qualifying criteria.

The amendments in this update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For non-public business entities, early adoption is not permitted. The Group is currently evaluating the impact of adopting ASU No. 2016-01 on its consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, Income Statement—Reporting Comprehensive Income (Topic 220). The amendments in this Update allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. Consequently, the amendments eliminate the stranded tax effects resulting from the Tax Cuts and Jobs Act and will improve the usefulness of information reported to financial statement users. However, because the amendments only relate to the reclassification of the income tax effects of the Tax Cuts and Jobs Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. The amendments in this Update also require certain disclosures about stranded tax effects. Public business entities should apply the amendments in ASU 2018-02 for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption of the amendments in this Update is permitted, including adoption in any interim period, (1) for public business entities for reporting periods for which financial statements have not yet been issued and (2) for all other entities for reporting periods for which financial statements have not yet been made available for issuance. The adoption of this guidance is not expected to have a material impact on the Company’s consolidated financial condition, results of operations or cash flows.

In March 2018, the FASB issued ASU No. 2018-05, Income Tax (Topic 740) - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118. This update adds SEC paragraphs pursuant to the SEC Staff Accounting Bulletin No. 118, which expresses the view of the staff regarding application of Topic 740, Income Taxes, in the reporting period that includes December 22, 2017 - the date on which the Tax Act was signed into law. The adoption of this guidance is not expected to have a material impact on the Company’s consolidated financial condition, results of operations or cash flows.

The Group does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

15. CHANGE IN STATUS

Prior to the March 1, 2017 change in status as an investment company, the Company recorded its investments at fair value and recorded the changes in the fair value as unrealized gain or loss. In addition, the Company recorded its direct and indirect wholly and majority owned subsidiaries at fair value since they were operating companies not providing services to the Company and not investment companies (See Note 2).

Upon the effective date of the change in status, the fair value accounting as an investment company was no longer applicable to the Company, rather the Company began presenting such subsidiaries on a consolidated basis. The investments in unaffiliated issuers are measured at fair value or cost, less impairment (See Note 14). The Company's initial carrying value of the net assets of the investments in subsidiaries was the fair value on the effective date of the change in status determined as follows:

Fair value of subsidiaries as of the effective date of the change in status on March 1, 2017		$ 757,647
Total net assets of the combined properties		
Intangible assets, net	$ 194,146	
Cash	593,800	
Prepayments	256	
An amount due to a related party	(28,717)	
Accounts payable and accrued expenses	(207,692)	551,793
Increase to the initial carrying value of the net assets on the effective date of the change in status on March 1, 2017		$ 205,854

16. VARIABLE INTEREST ENTITY

On July 28, 2017, the Company, through one of its subsidiaries, Aptorum Therapeutics Limited, entered into a convertible loan agreement (the "Agreement") with Acticule Life Sciences Limited ("Acticule"), at interest rate of 0% but no amount or maturity limits.

Acticule was incorporated by an individual on June 30, 2017, with paid-in capital of $1. Acticule mainly engaged in research and development of life science and biopharmaceutical products. From July 28, 2017 to December 22, 2017, Acticule has drawn down the loan in aggregate amount of $1,000,000. Other than that, Acticule has not obtained any financial support for its business operation.

After evaluation of the design of Acticule as the basis for determining its variability in applying the variable interest entity model, the Company believes that Acticule was a variable interest entity ("VIE"), and the Company is the primary beneficiary, due to the Company has the power to ultimately direct the activities and significantly affect its economic performance, as well as the obligation to absorb losses or the right to receive benefit from Acticule that could potentially be significant to Acticule. Therefore, the financial statement of Acticule was consolidated by the Company since the first loan drawn down to Acticule on July 28, 2017.

On December 22, 2017, Acticule accepted the election made by the Company to convert the entire loan of $1,000,000 into shares in Acticule. After the conversion, the Company held approximately 100% equity interest of Acticule, which ceased to be a VIE but consolidated by the Company under the voting interest entity model thereafter.

From July 28, 2017 to December 22, 2017, Acticule was consolidated under the VIE model, and its operating expense and net loss are listed below:

	July 28, 2017 through December 22, 2017
Total expense	$ 559,850
Net loss	$ 559,850

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

17. FAIR VALUE MEASUREMENT

The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2017:

December 31, 2017	Level 1	Level 2	Level 3	Total
Current Assets				
Marketable securities				
Common stocks	$ -	$ 1,972,648	$ -	$ 1,972,648
Investment in derivatives				
Warrants	24,182	-	1,070,940	1,095,122
Total assets at fair value	$ 24,182	$ 1,972,648	$ 1,070,940	$ 3,067,770

The following is a reconciliation of Level 3 assets for the period February 28, 2017 through December 31, 2017:

	Aptorum Therapeutics– related party	Common Stocks	Preferred Stocks	Warrants	Convertible Notes	Total
Balance at February 28, 2017	**$ 757,647**	**$ 7,920,000**	**$ 4,314,998**	**$ 1,907,470**	**$ 3,082,020**	**$ 17,982,135**
Transfer out to of Level 3 due to change in status - consolidated subsidiary (a)	(757,647)	-	-	-	-	(757,647)
Transfer out of fair value leveling since recorded as cost method (b)	-	(7,920,000)	(4,314,998)	-	-	(12,234,998)
Balance at March 1, 2017	**$ -**	**$ -**	**$ -**	**$ 1,907,470**	**$ 3,082,020**	**$ 4,989,490**
Reclassification between different investment type (c)	-	-	3,079,715	-	(3,079,715)	-
Transfer out of fair value leveling since recorded as cost method (c)	-	-	(3,079,715)	-	-	(3,079,715)
Change in unrealized depreciation	-	-	-	(836,530)	(2,305)	(838,835)
Balance at December 31, 2017	**$ -**	**$ -**	**$ -**	**$ 1,070,940**	**$ -**	**$ 1,070,940**
Net change in unrealized depreciation relating to investments still held at December 31, 2017	-	-	-	(836,530)	-	(836,530)

a. Upon the effective date of the change in status, March 1, 2017, the subsidiaries were no longer recognized at fair value and were instead consolidated when preparing the financial statements.
b. The equity investments of common stock and preferred stock were non-marketable investments under cost method upon change in status. Subsequently, Athenex Inc. was listed on the NASDAQ stock exchange on June 14, 2017 and common stock with an amount of $7,920,000 has been transferred to common stock in Level 1 with amount of $7,920,000, which was subsequently sold in December 2017 with a gain from the marketable securities of $3,722,234 recognized.
c. On March 9, 2017, the convertible promissory notes (including its accrued interest, totally $520,822) of Centrexion Therapeutics Corporation was converted into preferred stock (Series C) of the same company. On May 25, 2017, the convertible promissory notes (including its accrued interest, totaling $2,558,893) of Alzheon Inc., was converted into preferred stock (Series B) of the same company. The preferred stocks are considered non-marketable investments and were therefore reclassified out of the fair value hierarchy to be reported under cost method.

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

The following table presents the quantitative information about the Group's Level 3 fair value measurements of investment as of December 31, 2017, which utilized significant unobservable internally-developed inputs:

	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity of fair value to input
Warrants	Black-Scholes Model	Estimated time to exit Historical Volatility	24-42 months 97% - 136%	10% increase (decrease) in volatility would result in increase (decrease) in fair value by $122,664

Warrants

As of December 31, 2017, the volume of the Group's derivative activities based on their notional amount and number of contracts, categorized by primary underlying risk, are as follows:

	Long Exposure	
	December 31, 2017	
Primary underlying risk	Notional Amounts	Number of Contracts
Equity Price		
Warrants	$ 2,261,530	2,338,290

The following table identifies the fair value amounts of derivative instruments included in the statement of financial condition as derivative contracts, categorized by primary underlying risk, at December 31, 2017. The following table also identifies the net gain and loss amounts included in the statements of operations as net unrealized gain from derivative contracts, categorized by primary underlying risk, for the period March 1, 2017 through December 31, 2017:

	March 1, 2017 through December 31, 2017			
Primary underlying risk	Derivative assets	Derivative liabilities	Realized loss	Unrealized loss
Equity Price				
Warrants	$ 1,095,122	$ -	$ (7,094)	$ (820,407)

18. OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments as of December 31, 2017 consisted of:

	December 31, 2017
Prepaid insurance	$ 107,842
Prepaid service fee	91,002
Rental deposits	61,333
Prepaid rental expenses	11,910
Others	38,243
	$ 310,330

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

19. EQUIPMENT, NET

Equipment as of December 31, 2017 consisted of:

	December 31, 2017
Computer equipment	$ 14,057
Laboratory equipment	339,000
	353,057
Less: accumulated depreciation	6,470
Equipment, net	$ 346,587

Depreciation expenses for equipment amounted to $6,470 for the period from March 1, 2017 through December 31, 2017.

20. INTANGIBLE ASSETS, NET

	December 31, 2017
Gross carrying amount	
Prepaid unpatented license	$ 200,000
Prepaid patented licenses	1,325,140
	1,525,140
Less: accumulated amortization	
Prepaid patented licenses	52,433
	52,433
Intangible assets, net	
Prepaid unpatented license	200,000
Prepaid patented licenses	1,272,707
	$ 1,472,707

As of December 31, 2017, the Group entered into seven exclusive license agreements with third-party licensors, for seven patented and one unpatented technologies in the areas of neurology, infectious diseases, gastroenterology, oncology, surgical robotics and natural health. Pursuant to the license agreements, the Group paid upfront payments and became the exclusive licensee to prosecute certain patents developed or licensed under the applicable agreements.

The Group recognized the prepaid unpatented license to reflect the fair value of the subsidiaries as of the date of the change in status from an investment company. The Group capitalizes the prepaid patented license for the exclusive rights with completed filing of patents in certain jurisdictions (e.g., the United States of America and Europe) and alternative future uses.

Prepaid unpatented license is indefinite-lived intangible assets which are tested for impairment annually. Prepaid patented licenses are finite-lived intangible assets which are amortized over their estimated useful life. Amortization expenses for finite-lived intangible assets amounted to $52,433 for the period March 1, 2017 through December 31, 2017.

The Group expects amortization expense related to its finite-lived intangible assets for the next five years and thereafter to be as follows as of December 31, 2017:

For the years ending December 31,	Amount
2018	$ 105,139
2019	102,820
2020	102,820
2021	102,820
2022	102,820
Thereafter	756,288
Total	$ 1,272,707

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

21. LONG-TERM DEPOSITS

Long-term deposits as of December 31, 2017 consisted of:

	December 31, 2017
Rental deposit	$ 20,092
Deposits for equipment	1,737,664
	$ 1,757,756

22. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of December 31, 2017 consisted of:

	December 31, 2017
License agreements payable	$ 356,410
Research and development expenses payable	104,013
Professional fees payable	154,429
Others	38,496
	$ 653,348

23. INCOME TAXES

The Company and its subsidiaries file tax returns separately.

Income taxes

Cayman Islands: under the current laws of the Cayman Islands, the Company and its subsidiaries in the Cayman Islands are not subject to taxes on their income and capital gains.

Hong Kong: in accordance with the relevant tax laws and regulations of Hong Kong, a company registered in the Hong Kong is subject to income taxes within Hong Kong at the applicable tax rate on taxable income. All the Hong Kong subsidiaries that are not entitled to any tax holiday were subject to income tax at a rate of 16.5%. The subsidiaries in Hong Kong did not have assessable profits that were derived Hong Kong during the period March 1, 2017 through December 31, 2017. Therefore, no Hong Kong profit tax has been provided for in the period presented.

Macao: Taxpayers in Macao are divided into Group A and Group B, Group A taxpayers are companies that have maintained proper accounting books and records, with capital of MOP1,000,000 and above or average assessed annual taxable profits in the past three years of more than MOP500,000, those who do not meet the criteria of Group A taxpayers are assigned to Group B. Group B taxpayers are assessed by the Macao Finance Bureau on a deemed profit basis, and Group B taxpayers are unable to carry forward tax losses. The capital of the subsidiary in Macao is MOP100,000 and it is assigned to Group B taxpayer. The tax loss of subsidiary in Macao cannot be utilized.

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

The components of the provision for income taxes expenses are:

	March 1, 2017 through December 31, 2017
Current	$ -
Deferred	-
Total income taxes expense	$ -

The reconciliation of income taxes expenses computed at the Hong Kong statutory tax rate applicable to income tax expense is as follows:

	March 1, 2017 through December 31, 2017
Net loss before tax	$ (2,561,507)
Provision for income taxes at Hong Kong statutory income tax rate (16.5%)	(422,649)
Impact of different tax rates in other jurisdictions	393,217
Change in valuation allowance	29,432
Effective income tax expense	$ -

Deferred tax asset, net

Deferred tax assets and deferred tax liabilities reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the tax bases used for income tax purpose. The following represents the tax effect of each major type of temporary difference.

	March 1, 2017 through December 31, 2017
Tax loss carry forward	$ 29,432
Valuation allowance	(29,432)
Deferred taxes assets, net	$ -

As of December 31, 2017, the Group had net operating loss carry-forwards of $178,378 from its Hong Kong operations, which are available to reduce future taxable income; and all of these losses can be carried forward indefinitely.

Valuation allowance was provided against deferred tax assets in entities where it was determined, it was more likely than not that the benefits of the deferred tax assets will not be realized. The Group had deferred tax assets which consisted of tax loss carry forward, which can be carried forward to offset future taxable income. The Group maintains a full valuation allowance on its net deferred tax assets. The management determines it is more likely than not that all of its deferred tax assets will not be utilized. The valuation allowance increased by $29,432 for the period March 1, 2017 through December 31, 2017.

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

24. RELATED PARTY BALANCES AND TRANSACTIONS

The following is a list of a director and related parties to which the Group has transactions with:

(a) Ian Huen, the Chief Executive Officer and Executive Director of the Group;
(b) AENEAS CAPITAL LIMITED, an entity controlled by Ian Huen;
(c) Aeneas Limited, formerly known as Aptus Financial Holdings Limited, an entity controlled by Ian Huen;
(d) Aeneas Group Limited, formerly known as Aptus Asia Financial Holdings Limited, an entity controlled by Ian Huen.
(e) Jurchen Investment Corporation, the holding company and an entity controlled by Ian Huen.

Amounts due from related parties

Amounts due from related parties consisted of the following as of December 31, 2017:

	December 31, 2017
AENEAS CAPITAL LIMITED (b)	$ 106,942
Aeneas Limited (c)	190,427
Aeneas Group Limited (d)	7,451
Total	$ 304,820

Amount due to a related party

Amount due to a related party consisted of the following as of December 31, 2017:

	December 31, 2017
AENEAS CAPITAL LIMITED (b)	$ 197,386
Total	$ 197,386

Related party transactions

Related party transactions consisted of the following for the period March 1, 2017 through December 31, 2017:

	March 1, 2017 through December 31, 2017
A borrowing from a related party (Note I)	
- Ian Huen (a)	$ 6,410
Payments on behalf of the Group (Note II)	
- AENEAS CAPITAL LIMITED (b)	$ 64,038
Expense reimbursement (Note II)	
- AENEAS CAPITAL LIMITED (b)	$ 66,881
Payments on behalf of related parties (Note III)	
- Aeneas Limited (c)	$ 132,074
- Aeneas Group Limited (d)	$ 1,853
- AENEAS CAPITAL LIMITED (b)	$ 109,025
Management and administrative fees (Note IV)	
- AENEAS CAPITAL LIMITED (b)	$ 640,932

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

Note I: The non-interest-bearing loan was borrowed from management for operation purpose and the loan was due on demand.

Note II: AENEAS CAPITAL LIMITED has paid the audit fee and legal fee on behalf of the Group and received the expense reimbursement. Some of the amounts were repaid during the periods. The balances were non-interest bearing.

Note III: The Group has paid the expenses on behalf of Aeneas Limited and Aeneas Group Limited, of which the whole amounts have not been repaid and were non-interest bearing.

Note IV: AENEAS CAPITAL LIMITED provides certain management and administrative services to the Group. For the period March 1, 2017 through December 31, 2017, AENEAS CAPITAL LIMITED was entitled to receive a fixed amount of administrative fees of HKD500,000 (approximately $64,103) per calendar month.

On November 11, 2017, the Group sold 100% of the ownership of Aeneas Limited and its subsidiary, Aeneas Group Limited, to Jurchen Investment Corporation for cash proceeds of $1. The Group recognized a gain on disposal of entity under common control of $67,874, net of net liabilities of Aeneas Limited and its subsidiary of $67,873 in consolidated statement of shareholders' equity.

25. CONVERTIBLE PROMISSORY NOTES

As of December 31, 2017, the Group issued an aggregated amounted of $480,000 of convertible promissory notes (the "Notes"). The Notes will be redeemed by the Group on the earlier of (i) the twelve months anniversary of the issuance date; and (ii) the date that the Group redeems the Notes if it has not consummated the Initial Public Offering (the "IPO") within twelve months of the issuance date. Interest on the Notes is accrued at a rate of 1% per annum and shall be compounded annually.

The Notes are convertible into the Class A Ordinary Shares of the Company at a price of 56% discount to the actual price per Class A Ordinary Share to be issued in the IPO at the time that the Group consummates an initial closing of the IPO.

26. ORDINARY SHARES

According to the Restructuring Plan, the ten management shares of par value of $0.01 have been cancelled, and the 256,571 issued participating shares of par value of $0.01 have been compulsorily redeemed and 4,743,419 unissued participating shares of par value of $0.01 each have been cancelled. Meanwhile, the Company has an authorized share capital consisting of 100,000,000 ordinary shares (the "Ordinary Shares"), par value $1.00 per share, and 25,657,110 shares was issued to the original investors.

During the period March 1, 2017 through October 13, 2017, 2,207,025 of the Company's Ordinary Shares were issued at a price of $3.90 per share.

On October 13, 2017, a resolution was passed at a general meeting of the Company that: (i) 72,135,865 of authorized but unissued Ordinary Shares of the Company were replaced with 54,573,619 Class A ordinary shares (the "Class A Ordinary Shares") of par value of $1.00 per share and 17,562,246 Class B ordinary shares (the "Class B Ordinary Shares") of par value of $1.00 per share, respectively; (ii) 24,930,839 issued Ordinary Shares, which were issued to three shareholders, were converted into 2,493,085 Class A Ordinary Shares of par value of $1.00 per share and 22,437,754 Class B Ordinary Shares of par value of $1.00 per share; and (iii) 2,933,296 issued Ordinary Shares, which were issued to 24 shareholders, were converted into 2,933,296 Class A Ordinary Shares of par value of $1.00 per share.

Holders of Class A Ordinary Shares and Class B Ordinary Shares have the same rights except for the following: (i) each Class A Ordinary Share is entitled to one vote while each Class B Ordinary Share is entitled to ten votes; and (ii) each Class B Ordinary Share is convertible into one Class A Ordinary Share at any time while Class A Ordinary Shares are not convertible under any circumstances.

A total of 5,500,000 Class A Ordinary Shares (subject to subsequent adjustments described more fully below) may be issued pursuant to awards under the 2017 Omnibus Incentive Plan (the "2017 Share Option Plan"). Subsequent adjustments include that on each January 1, starting with January 1, 2020, an additional number of shares equal to the lesser of (i) 2% of the outstanding number of Class A Ordinary Shares (on a fully diluted basis) on the immediate preceding December 31, and (ii) such lower number of Class A Ordinary Shares as may be determined by the board of directors, subject in all cases to adjustments as provided in Section 10 of the 2017 Share Option Plan. Awards will be made pursuant to agreements and may be subject to vesting and other restrictions as determined by the board of directors. As of December 31, 2017, 5,500,000 shares were available for future grant under the 2017 Share Option Plan.

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

27. NON-CONTROLLING INTEREST

As of December 31, 2017, non-controlling interest related to the 1% minority interest in APTUS BIOTECHNOLOGY (MACAO) LIMITED and 10% minority interest in mTOR (Hong Kong) Limited in the consolidated balance sheet was $14,045 in total.

For the period March 1, 2017 through December 31, 2017, non-controlling interest related to APTUS BIOTECHNOLOGY (MACAO) LIMITED and mTOR (Hong Kong) Limited in the consolidated statements of operations was loss of $14,045 in total.

28. NET LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

	March 1, 2017 through December 31, 2017
Numerator:	
Net loss attributable to Aptorum Group Limited	$ (2,547,462)
Denominator:	
Basic and diluted weighted average common shares outstanding	26,963,435
Basic and diluted loss per share	$ (0.09)

29. PRINCIPAL RISK

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables such as interest rate, foreign exchange rates and equity prices.

The maximum risk resulting from financial instruments equals their fair value.

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

Interest rate risk sensitivity analysis

The Group's cash held with the Cash Custodian and the Custodian are exposed to interest rate risk. However, Management considers the risk to be minimal as they are short-term with terms less than one month.

(b) Currency risk

Currency risk is the risk that the value of financial assets or liabilities will fluctuate due to changes in foreign exchange rates.

Currency risk sensitivity analysis

At December 31, 2017, the Group has no significant foreign currency risk because its business is principally conducted in Hong Kong and most of the transactions are denominated in Hong Kong dollar. Since the Hong Kong dollar is pegged to the United States dollar, the Group's exposure to foreign currency risk in respect of the balances denominated in Hong Kong dollars is considered to be minimal.

(c) Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equities or equity-linked derivatives as the result of changes in the levels of equity indices and the value of individual shares. The Group has been exposed to price risk on all of its equities investments and equities-linked derivatives.

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

Management's best estimate of the effect on net assets and profit due to a reasonably possible change of relevant benchmarks, with all other variables held constant is as follows. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial assets and liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

The Group invests in private equities which are generally unquoted and not readily marketable. The Group manages its liquidity risk by setting investment limits on unlisted securities that cannot be readily disposed of. Investment of the Group's assets in unquoted securities may restrict the ability of the Group to dispose of its investment at a price and time it wishes to do so.

CREDIT RISK

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of bank deposits and balances, assets held with the Custodian/Prime Broker, derivatives where the brokers are the counterparty and the Group's debt securities investments.

The Custodian/Prime Broker provides the clearing and depository operations for the Group's security transactions. The Custodian/Prime Broker also provides loans and financing to the Group and assets held by the Custodian/Prime Brokers will be charged as a continuing security for the payment and discharge of all liabilities of the Group.

The Group is also exposed to credit risk on the cash held with the Custodian/Prime Broker amounting to $122,127 as of December 31, 2017. The credit rating ascribed by Standard and Poor's to Credit Suisse as of December 31, 2017 was A.

Furthermore, the Group takes on exposure to credit risk on cash balances held with DBS Bank Ltd, Hong Kong Branch, Industrial and Commercial Bank of China (Macao) Limited and Bank of China (Hong Kong) Limited for the purposes of payments of Group expenses.

All transactions in listed securities are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. The Group limits its exposure to credit risk by transacting all of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Group considers to be well established.

CONCENTRATION RISK

The table below analyses the Group's concentration of equity price risk by distribution:

	December 31, 2017
Country and Region	
United States of America	$ 10,462,483
Total	$ 10,462,483
Industry	
Pharmaceutical and biotechnology	$ 10,443,175
Healthcare	19,308
Total	$ 10,462,483

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

INVESTMENTS IN DERIVATIVES RISK

Warrants

Since warrants have a limited life, as the expiration date of a warrant approaches, the time value of a warrant will decline. In addition, if the stock underlying the warrant declines in price, the intrinsic value of an "in the money" warrant will decline. Further, if the price of the stock underlying the warrant does not exceed the strike price of the warrant on the expiration date, the warrant will expire worthless. As a result, there is the potential for the Group to lose its entire investment in a warrant. The Group is exposed to counterparty risk from the potential failure of an issuer to settle its exercised warrants. The maximum risk of loss from counterparty risk to the Group is the fair value of the contracts and the purchase price of the warrants.

30. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The total future minimum lease payments under the non-cancellable operating leases with respect to the offices and the laboratory as of December 31, 2017 are as follows:

For the years ending December 31,	**Amount**
2018	$ 68,518
2019	55,632
2020	54,885
2021 and thereafter	-
Total	$ 179,035

Rental expenses for the year ended December 31, 2016, period January 1, 2017 through February 28, 2017 and March 1, 2017 through December 31, 2017 were $nil, $nil and $49,518, respectively.

Contingent Payment Obligations

The Group has entered into agreements with independent third parties for purchasing office and laboratory equipment. As of December 31, 2017, the Group had non-cancellable purchase commitments of $1,756,560.

The Company has additional contingency payment obligations under each of the license agreements, such as milestone payments, royalties, research and development funding, if certain condition or milestone is met.

Milestone payments are to be made upon achievements of certain conditions, such as Investigational New Drugs ("IND") filing or U.S. Food and Drug Administration ("FDA") approval, first commercial sale of the licensed products, or other achievements. The aggregate amount of the milestone payments that the Company are required to pay up to different achievements of conditions and milestones for all the license agreements signed as of December 31, 2017 are below:

	Amount
Drug molecules: up to the conditions and milestones of	
Preclinical to IND filing	$ 372,564
From entering phase 1 to before first commercial sale	24,216,410
First commercial sale	15,656,410
Net sales amount more than certain threshold in a year	75,769,231
Subtotal	116,014,615
Surgical robotics and medical devices: up to the conditions and milestones of	-
Before FDA approval	300,000
FDA approval obtained	200,000
Subtotal	500,000
Total	$ 116,514,615

For the year ended December 31, 2016, period January 1, 2017 through February 28, 2017 and March 1, 2017 through December 31, 2017, the Company did not incur any milestone payments, royalties or research and development funding. As of December 31, 2017, no milestone payments had been triggered under any of the existing license agreements

APTORUM GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SUCCESSOR BASIS)
(Stated in U.S. Dollars)

31. SEGMENT REPORTING

The Group's chief operating decision maker, the Chief Executive Officer, reviews the consolidated results when making decisions about allocating resources and accessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reporting. The Group's long-lived assets are substantially all located in Hong Kong and substantially all of the Group's expense is derived from within Hong Kong. Therefore, no geographical segments are presented.

32. SUBSEQUENT EVENTS

The Group has evaluated subsequent events through July 13, 2018, the date of issuance of the consolidated financial statements, and except for the following events with material financial impact on the Group's consolidated financial statements, no other subsequent event is identified that would have required adjustment or disclosure in the consolidated financial statements.

On March 6, 2018, the Group established a subsidiary named Forum Property Holding Limited with a consideration of $0.01. On March 26, 2018, the Group established a subsidiary named APTORUM INTERNATIONAL LIMITED with a consideration of one British Pound. On April 3, 2018, Aptorum Medical Limited issued 9,999 shares to the Company and 526 shares to a director of the Company, decreasing the equity interest of the Company from 100% to 95%. On April 4, 2018, the Group established a subsidiary named Lanither Life Sciences Limited with a consideration of $1. On May 18, 2018, Acticule issued 249,999 shares to a director of Acticule, decreasing the equity interest of the Company from 100% to 80%. On May 25, 2018, the Group established a subsidiary named Lanither Life Sciences (Hong Kong) Limited with a consideration of HKD1.

From January 2018 to the date of issuance of the consolidated financial statements, the Group has additionally issued $1,120,400 of convertible promissory notes under the same terms as disclosed in Note 25, and as of the date of issuance of the consolidated financial statements, $1,600,400 of convertible promissory notes were issued accumulatively.

On April 6, 2018, the Group has entered into a subscription agreement (the "Bond Subscription Agreement") with Peace Range Limited ("Peace Range"). Pursuant to the Bond Subscription Agreement, the Group issued Peace Range a $15,000,000 convertible bond (the "Bond" and the "Bond Offering"), minus a structuring fee equal to 2% of the principal amount of the Bond, on April 25, 2018. The Group also agreed to pay certain expenses, up to an aggregate limit of $250,000, incurred by Peace Range in connection with the Bond Offering. The closing of the transaction contemplated by the Bond Subscription Agreement and the issuance of the Bond are subject to standard closing conditions, which may be satisfied or waived by the impacted party. The Bond earns interest at the rate of 8% per annum, payable semi-annually. The payment of the Bond is guaranteed by the holding company, Jurchen Investment Corporation. In addition, the repayment of the principal of the Bond and interest payables is secured by a fund the Group set aside in a debt service reserve account, with the funds in the debt service reserve account to be released in an amount pro rata to the principal amount of the Bond being converted. The Bond shall mature on the twelfth calendar month following the issuance date, or with prior written consent of the holders of the Bond, the business day falling six calendar months thereafter. 10% of the principal amount of the Bond shall be automatically converted into our Class A Ordinary Shares upon the closing of this Offering and the rest of the Bond is convertible at the option of the holder commencing on the closing of this Offering until the earlier of the date falling 12 calendar months after the maturity of the Bond and the date falling 12 calendar months after the closing of this Offering. The Group closed the Bond Offering on April 25, 2018 and issued a Bond to Peace Range pursuant to the Bond Subscription Agreement. The contingent beneficial conversion is contained in convertible bonds, which shall not be recognized in earnings until the contingency event, initial closing of the IPO, is resolved.

One of the underwriters in this Offering, Boustead, also served as a placement agent for the Bond Offering and received (i) a cash success fee of $600,000 and (ii) warrants to purchase a number of Class A Ordinary Shares equal to 5.5% of the number of Class A Ordinary Shares issuable upon conversion of the Bond, at an exercise price equal to a 23% discount to this Offering price, subject to adjustment (the "Bond PA Warrants"). The Bond PA Warrants are exercisable on a cashless basis. China Renaissance also served as a placement agent for the Bond Offering; for such services, China Renaissance will receive a cash success fee of $150,000. Boustead also participated in the Series A Note Offering as an investor with a purchase of Series A Notes in the amount of $150,000.

APTORUM GROUP LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET (SUCCESSOR BASIS)
December 31, 2017 and June 30, 2018
(Stated in U.S. Dollars)

	December 31, 2017	June 30, 2018
	(Unaudited)	
ASSETS		
Current assets:		
Cash	$ 16,245,807	$ 6,727,200
Restricted cash	480,000	16,199,998
Accounts receivable	-	9,835
Inventories	-	3,741
Marketable securities, at fair value	1,972,648	2,094,620
Investments in derivatives	1,095,122	735,278
Due from brokers	179,492	179,750
Other receivables and prepayments	310,330	421,300
Total current assets	20,283,399	26,371,722
Property, plant and equipment, net	346,587	4,211,321
Non-marketable investments	7,394,713	7,094,712
Intangible assets, net	1,472,707	1,452,486
Amounts due from related parties	304,820	-
Long-term prepayments	1,757,756	2,185,401
Other non-current asset	-	149,583
Total Assets	$ 31,559,982	$ 41,465,225
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities:		
Amounts due to related parties	$ 197,386	$ 17,612
Accounts payable and accrued expenses	653,348	1,035,585
Finance lease payable, current portion	-	42,597
Convertible debts	480,000	15,687,847
Total current liabilities	1,330,734	16,783,641
Finance lease payable, non-current portion	-	166,137
Total Liabilities	$ 1,330,734	$ 16,949,778
Commitments and contingencies	-	-
EQUITY		
Class A Ordinary Shares ($1.00 par value; 60,000,000 shares authorized, 5,426,381 shares issued and outstanding)	$ 5,426,381	$ 5,426,381
Class B Ordinary Shares ($1.00 par value; 40,000,000 shares authorized, 22,437,754 shares issued and outstanding)	22,437,754	22,437,754
Additional paid-in capital	5,294,402	5,346,129
Accumulated other comprehensive loss	(367,782)	(545,642)
Accumulated deficit	(2,547,462)	(8,035,834)
Total equity attributable to the shareholders of Aptorum Group Limited	30,243,293	24,628,788
Non-controlling interests	(14,045)	(113,341)
Total equity	30,229,248	24,515,447
Total Liabilities and Equity	$ 31,559,982	$ 41,465,225

See accompanying notes to the condensed consolidated financial statements.

APTORUM GROUP LIMITED
STATEMENT OF OPERATIONS (PREDECESSOR BASIS)
For the Period January 1, 2017 through February 28, 2017
(Stated in U.S. Dollars)

	January 1, 2017 through February 28, 2017
Investment income	
Interest income	$ 3,011
Total investment income	3,011
Expenses	
General and administrative fees	17,516
Management fees	108,958
Legal and professional fees	98,646
Other operating expenses	1,907
Total expenses	227,027
Net investment loss	$ (224,016)
Realized and unrealized losses	
Net realized losses on investments in unaffiliated issuers	$ (15,327)
Net change in unrealized depreciation on investments	
Aptorum Therapeutics - related party	(98,434)
Unaffiliated issuers	(288,307)
Net realized and unrealized losses	(402,068)
Net decrease in net assets resulting from operations	$ (626,084)

See accompanying notes to the condensed financial statements.

APTORUM GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (SUCCESSOR BASIS)
For the Period March 1, 2017 through June 30, 2017 and Period January 1, 2018 through June 30, 2018
(Stated in U.S. Dollars)

	March 1, 2017 through June 30, 2017 (Unaudited)	January 1, 2018 through June 30, 2018 (Unaudited)
Revenue		
Healthcare services income	$ -	$ 26,662
Operating expenses		
Costs of healthcare services	-	(22,749)
Research and development expenses	(459,198)	(1,342,179)
General and administrative fees	(384,743)	(2,238,025)
Legal and professional fees	(116,501)	(1,063,032)
Other operating expenses	(8,147)	(235,413)
Total operating expenses	(968,589)	(4,901,398)
Other loss		
Gain on investments in marketable securities, net	171,250	-
Loss on investments in derivatives, net	(272,873)	(359,844)
Dividend income	2,308	-
Interest income (expense), net	30,605	(301,362)
Total other loss, net	(68,710)	(661,206)
Net loss	$ (1,037,299)	$ (5,535,942)
Less: net loss attributable to non-controlling interests	(8,893)	(47,570)
Net loss attributable to Aptorum Group Limited	$ (1,028,406)	$ (5,488,372)
Net loss per share – basic and diluted	$ (0.04)	$ (0.20)
Weighted-average shares outstanding – basic and diluted	25,674,321	27,864,135
Net loss	$ (1,037,299)	$ (5,535,942)
Other Comprehensive income		
Unrealized gain (loss) on investments in available-for-sale securities	3,778,586	(178,027)
Exchange differences on translation of foreign operations	-	167
Other Comprehensive income (loss)	3,778,586	(177,860)
Comprehensive income (loss)	2,741,287	(5,713,802)
Less: comprehensive loss attributable to non-controlling interests	(8,893)	(47,570)
Comprehensive income (loss) attributable to the shareholders of Aptorum Group Limited	2,750,180	(5,666,232)

See accompanying notes to the condensed consolidated financial statements.

APTORUM GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (SUCCESSOR BASIS)
For the Period January 1, 2018 through June 30, 2018
(Stated in U.S. Dollars)

	Class A Ordinary Shares		Class B Ordinary Shares		Additional Paid-in Capital	Accumulated deficit	Accumulated other comprehensive loss	Non-controlling interests	Total
	Shares	Amount	Shares	Amount	Amount	Amount	Amount	Amount	Amount
Balance, January 1, 2018	**5,426,381**	**$ 5,426,381**	**$ 22,437,754**	**$ 22,437,754**	**$ 5,294,402**	**$ (2,547,462)**	**$ (367,782)**	**$ (14,045)**	**$ 30,229,248**
Proceeds from non-controlling interest	-	-	-	-	51,727	-	-	(51,726)	**1**
Net loss	-	-	-	-	-	(5,488,372)	-	(47,570)	**(5,535,942)**
Unrealized loss on investments in available-for-sale securities	-	-	-	-	-	-	(178,027)	-	**(178,027)**
Exchange difference on translation of foreign operations	-	-	-	-	-	-	167	-	**167**
Balance, June 30, 2018 (Unaudited)	**5,426,381**	**$ 5,426,381**	**$ 22,437,754**	**$ 22,437,754**	**$ 5,346,129**	**$ (8,035,834)**	**$ (545,642)**	**$ (113,341)**	**$ 24,515,447**

See accompanying notes to the consolidated financial statements.

APTORUM GROUP LIMITED
STATEMENT OF CASH FLOWS (PREDECESSOR BASIS)
For the Period January 1, 2017 through February 28, 2017
(Stated in U.S. Dollars)

	January 1, 2017 through February 28, 2017
Cash flows from operating activities	
Net decrease in net assets resulting from operations	$ (626,084)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash used in operating activities:	
Net change in unrealized depreciation on investments	386,741
Net realized loss on sales of investments in unaffiliated issuers	15,327
Proceeds from sales of investment securities	28,425
Increase in interest receivable	(5,099)
Increase in due from brokers	(28,438)
Decrease in other receivable and prepayments	2,520
Increase in accounts payable and accrued expenses	13,778
Decrease in management fees payable - related party	(58,830)
Net cash used in operating activities	(271,660)
Net decrease in cash	(271,660)
Cash - Beginning of period	301,643
Cash - End of period	$ 29,983
Supplemental disclosures of cash flow information	
Interest paid	$ -
Income taxes paid	$ -

APTORUM GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (SUCCESSOR BASIS)
For the Period March 1, 2017 through June 30, 2017 and Period January 1, 2018 through June 30, 2018
(Stated in U.S. Dollars)

	March 1, 2017 through June 30, 2017 (Unaudited)	January 1, 2018 through June 30, 2018 (Unaudited)
Cash flows from operating activities		
Net loss	$ (1,037,299)	$ (5,535,942)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization and depreciation	15,837	209,267
Gain on investments in marketable securities, net	(171,250)	-
Loss on investments in derivatives, net	272,873	359,844
Interest income	-	(105,118)
Interest expense and accretion of convertible debts	-	405,430
Accretion of capital lease obligation	-	1,050
Changes in operating assets and liabilities:		
Accounts receivable	-	(9,835)
Inventories	-	(3,741)
Other receivables and prepayments	(50,910)	(8,492)
Other non-current asset	-	(179,500)
Long-term prepayments	-	(1,631,105)
Due from brokers	(291,537)	(258)
Due to related parties	-	17,612
Accounts payable and accrued expenses	181,101	165,082
Net cash used in operating activities	(1,081,185)	(6,315,706)
Cash flows from investing activities		
Disbursement of a loan to a third party	-	(3,000,000)
Repayment of a loan from a third party	-	3,000,000
Purchases of intangible assets	(464,516)	(237,289)
Purchases of property, plant and equipment	-	(2,542,039)
Proceeds from sales of investment securities	3,462,231	-
Net cash provided by (used in) investing activities	2,997,715	(2,779,328)
Cash flows from financing activities		
Advances to/payments received from related parties	161,791	107,434
Proceeds from issuance of convertible debts	-	16,120,400
Payments for debt issuance costs	-	(900,000)
Proceeds from issuance of shares	8,184,008	-
Payment of finance lease obligations	-	(31,409)
Net cash provided by financing activities	8,345,799	15,296,425
Net increase in cash and restricted cash	10,262,329	6,201,391
Cash and restricted cash- Beginning of period	623,783	16,725,807
Cash and restricted cash - End of period	$ 10,886,112	$ 22,927,198
Supplemental disclosures of cash flow information		
Interest paid	$ -	$ 1,050
Income taxes paid	$ -	$ -
Non-cash investing and financing activities:		
Net settlement of related party balances	$ -	$ 164,976
Reconciliation of cash and restricted cash		
Cash	$ 10,886,112	$ 6,727,200
Restricted cash	-	16,199,998
Total cash and restricted cash shown in the consolidated statement of cash flow	$ 10,886,112	$ 22,927,198

See accompanying notes to the consolidated financial statements.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

1. ORGANIZATION

The condensed consolidated financial statements include the financial statements of Aptorum Group Limited (the Company") and its subsidiaries. The Company and its subsidiaries are hereinafter collectively referred to as the "Group."

The Company, formally known as APTUS Holdings Limited and STRIKER ASIA OPPORTUNITIES FUND CORPORATION, is a company incorporated on September 13, 2010 under the laws of the Cayman Islands with limited liability.

Before March 1, 2017, the Company was incorporated as an exempted open-ended investment company with limited liability in the Cayman Islands, which would own and oversee the management, operations and investments of its subsidiaries. The Company was managed by AENEAS CAPITAL LIMITED, formerly known as APTUS CAPITAL LIMITED or Guardian Capital Management Limited (the "Manager"), with its objective to generate long-term capital appreciation by acquiring, holding and/or investing in, by itself or through one or more of its subsidiaries or other investment vehicles, a wide range of investments, assets and/or rights, with a focus on the healthcare industry. Since March 1, 2017, the Manager enters into a new Management Agreement with the Company to manage certain investment and reinvestment.

On February 21, 2017, a special resolution was passed at the directors' meeting and on March 1, 2017, a resolution was passed at the shareholders' meeting. According to which, the Company changed from an investment fund with management shares and non-voting participating redeemable preference shares to a holding company with operating subsidiaries (the "Restructure").

On March 3, 2017, an ordinary resolution passed at the extraordinary general meeting of the Company and approved by the Cayman Islands Government General Registry changed the name of the Company from STRIKER ASIA OPPORTUNITIES FUND CORPORATION to APTUS Holdings Limited.

On October 13, 2017, a special resolution passed at the extraordinary general meeting of the Company, and on October 19, 2017 it was approved by the Cayman Islands Government General Registry changing the name of the Company from APTUS Holdings Limited to Aptorum Group Limited.

After the Restructure as on March 1, 2017, the Company has become a Hong Kong based pharmaceutical company currently in the preclinical stage. The Company researches and develops life science and biopharmaceutical products within its wholly-owned subsidiary, Aptorum Therapeutics Limited, formerly known as APTUS Therapeutics Limited ("Aptorum Therapeutics") and its indirect subsidiary companies (collectively, "Aptorum Therapeutics Group").

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

Below summarizes the list of the subsidiaries consolidated as of June 30, 2018:

Name	Incorporation date	Ownership	Place of incorporation	Principle activities
Aptorum Therapeutics Limited	June 30, 2016	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
APTUS MANAGEMENT LIMITED	May 16, 2017	100%	Hong Kong	Provision of management services to its holding company and fellow subsidiaries
Aptus Therapeutics (Hong Kong) Limited	June 30, 2016	100%	Hong Kong	Research and development of life science and biopharmaceutical products
APTUS BIOTECHNOLOGY (MACAO) LIMITED	June 6, 2016	99%	Macao	Inactive
Videns Incorporation Limited (Formally named Videns Biosciences Limited and VIDENS CORPORATION)	March 2, 2017	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
mTOR (Hong Kong) Limited	November 4, 2016	90%	Hong Kong	Research and development of life science and biopharmaceutical products
Videns Incorporation (Hong Kong) Limited	July 3, 2017	100%	Hong Kong	Inactive
Nativus Life Sciences Limited	July 7, 2017	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
Scipio Life Sciences Limited	July 19, 2017	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
Claves Life Sciences Limited	August 2, 2017	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
Nativus Life Sciences (Hong Kong) Limited	August 8, 2017	100%	Hong Kong	Inactive
Scipio Life Sciences (Hong Kong) Limited	August 10, 2017	100%	Hong Kong	Inactive
Signate Life Sciences (Hong Kong) Limited	August 10, 2017	100%	Hong Kong	Inactive
Claves Life Sciences (Hong Kong) Limited	August 22, 2017	100%	Hong Kong	Inactive
Aptorum Pharmaceutical Development Limited	August 28, 2017	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
Aptorum Medical Limited	August 28, 2017	95%	Cayman Islands	Provision of medical clinic services
Signate Life Sciences Limited	August 28, 2017	100%	Cayman Islands	Research and development of life science and biopharmaceutical products
Acticule Life Sciences Limited	June 30, 2017	80%	Cayman Islands	Research and development of life science and biopharmaceutical products
Acticule Life Sciences (Hong Kong) Limited	July 27, 2017	100%	Hong Kong	Inactive
Forum Property Holding Limited	March 6, 2018	100%	Cayman Islands	Inactive
APTORUM INTERNATIONAL LIMITED	March 26, 2018	100%	United Kingdom	Inactive
Lanither Life Sciences Limited	April 4, 2018	80%	Cayman Islands	Inactive
Lanither Life Sciences (Hong Kong) Limited	May 25, 2018	100%	Hong Kong	Inactive

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying condensed consolidated financial statements are prepared in accordance with U.S. GAAP. Before March 1, 2017, the Company was an investment company under U.S. GAAP for the purposes of financial reporting. U.S. GAAP for an investment company requires investments to be recorded at estimated fair value and the unrealized gains and/or losses in an investment's fair value are recognized on a current basis in the statements of operations. In addition, the Company did not consolidate its subsidiaries, since they were operating companies and not investment companies. Such entities were fair valued in accordance with ASC Topic 946 ("ASC 946") and ASC Topic 820 ("ASC 820").

As of March 1, 2017, after the change of business purpose, legal form and substantive activities, the Company's status changed to an operating company from an investment company since it no longer met the criteria to qualify as an investment company under the ASC 946. The Company discontinued applying the guidance in ASC 946 and began to account for the change in status prospectively by accounting for its investments in accordance with other U.S. GAAP topics.

This change in status and the accounting policies affect the comparability of the financial statements. As such, for the period January 1, 2017 through February 28, 2017, statement of operations, statement of cash flows and statement of changes in net assets have been presented on the predecessor basis of accounting as an investment company, and on the basis of accounting as an operating company since March 1, 2017. The consolidated balance sheets as of December 31, 2017 and June 30, 2018 have been presented on the successor basis. The interim financial information should be read in conjunction with the Financial Statements and the notes thereto included in the Company's financial statements for the year ended December 31, 2016, for the period January 1, 2017 through February 28, 2017 and period March 1, 2017 through December 31, 2017.

Principles of consolidation

The condensed consolidated financial statements of the Group are presented on the accrual basis of accounting in accordance with U.S. GAAP and include the accounts of the Company, its direct and indirect wholly and majority owned subsidiaries and a variable interest entity. All material intercompany balances and transactions have been eliminated in preparation of the condensed consolidated financial statements. Non-controlling interests represent the equity interest that is not owned by the Group.

Use of estimates

The preparation of the condensed consolidated financial statements on successor basis in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations as well as income and expenses during the reporting period. Significant accounting estimates reflected in the Group's condensed consolidated financial statements include fair value of investments in securities, convertible debts and finance lease, the useful lives of intangible assets and property, plant and equipment, impairment of long-lived assets, collectability of receivables. Actual results could differ from those estimates.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

Accounts receivable

Accounts receivable are stated at the original amount less an allowance for doubtful receivables, if any, based on a review of all outstanding amounts at period end. An allowance is also made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The Company analyzes the aging of the customer accounts, historical and current economic trends and the age of the receivables when evaluating the adequacy of the allowance for doubtful accounts.

Marketable Securities

Marketable Securities are accounted for as trading securities or available-for-sale based on the trading purpose, which are measured at fair value. Gains or losses from changes in fair value of trading securities are recorded through earnings. Gains or losses from changes in the fair value of available-for-sale securities are recorded in accumulated other comprehensive income, until the investment is sold or otherwise disposed of, or until the investment is determined to be other-than-temporarily impaired, at which time the cumulative gain or loss previously reported in equity is included in income. The specific identification method is used to determine the realized gain or loss on investments sold or otherwise disposed.

The Group measures the investments in marketable securities at fair value based on quoted market prices. Gain from the marketable securities amounting to $171,250 and $nil, respectively, were recognized in the condensed consolidated statements of operations for the period from March 1, 2017 to June 30, 2017 and period from January 1, 2018 to June 30, 2018. The Group recognized the unrealized gain on investments in available-for-sale securities amounting to $3,778,586 and losses of $178,027, respectively, for the period March 1, 2017 to June 30, 2017 and period January 1, 2018 to June 30, 2018.

During the period from March 1, 2017 to June 30, 2017, the Group disposed the trading securities, with sales proceeds of $3,462,231 received, and recognized a gain of $170,603 in the condensed consolidated statements of operations for the period from March 1, 2017 to June 30, 2017, respectively. No disposal was recorded during the period from January 1, 2018 to June 30, 2018.

Investments in Derivatives

Investments in derivatives consisted of warrants, which are measured at fair value, with gains or losses from changes in fair value recorded through earnings.

Loss on the warrants amounted to $272,873 and $359,844, respectively, was recognized in the condensed consolidated statements of operations for the period from March 1, 2017 to June 30, 2017 and period from January 1, 2018 to June 30, 2018.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

Non-marketable investments

Non-marketable investments are comprising of investments in non-redeemable preferred shares of privately-held companies accounted for under the cost method and are not required to be consolidated under the variable interest or voting models. Non-marketable investments are classified as non-current assets on the Condensed Consolidated Balance Sheet as those investments do not have stated contractual maturity dates. Non-marketable equity investments are measured at purchase cost with appropriate consideration given to impairment.

As of December 31, 2017 and June 30, 2018, investments accounted for under the cost method had a carrying value of $7,394,713 and $7,094,712.

Fair value measurement

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact its business, and it considers assumptions that market participants would use when pricing the asset or liability.

As a basis for considering such assumptions, a three-tier fair value hierarchy prioritizes the inputs utilized in measuring fair value as follows:

- Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The hierarchy requires the Group to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Group has estimated the fair value amounts of its financial instruments using the available market information and valuation methodologies considered to be appropriate and has determined that the carrying value of the Group's cash, restricted cash, receivables related to investment, interest receivable, receivables from brokers, other receivable and prepayments, amounts due from/to related parties, accounts payable and accrued expenses, and finance lease payable as of December 31, 2017 and June 30, 2018 approximate fair value.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Maintenance, repairs and betterments, including replacement of minor items, are charged to expense; major additions to physical properties are capitalized.

Depreciation of property, plant and equipment is provided using the straight-line method over their estimated useful lives:

Building	29 years
Computer equipment	3 years
Furniture, fixture, and office and medical equipment	5 years
Leasehold improvements	Shorter of the remaining lease terms or 5 years
Laboratory equipment	5 years
Motor vehicle	5 years

Upon sale or disposal, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount less proceeds from disposal is charged or credited to income.

Other non-current asset

Other non-current asset represents laboratory supplies that can be used for more than 1 year. Cost represents the purchase price of the supplies and other costs incurred to bring the asset into its existing use.

Amortization of other non-current asset is provided using the straight-line method over their estimated useful lives. The amortization expense for the period from January 1, 2018 to June 30, 2018 is $29,865.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

Intangible assets

Indefinite-lived intangible assets are tested for impairment at least annually and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Indefinite-lived intangible assets are impaired if their estimated fair values are less than their carrying values.

Finite-lived intangible assets are initially recorded at fair value when acquired, in which the finite intangible assets are amortized over their estimated useful life, which is the period over which the assets are expected to contribute directly or indirectly to the future cash flows of the Group. These intangible assets are tested for impairment at the time of a triggering event, if one were to occur. Finite-lived intangible assets may be impaired when the estimated undiscounted future cash flows generated from the assets are less than their carrying amounts.

The Group may rely on a qualitative assessment when performing its intangible asset impairment test. Otherwise, the impairment evaluation is performed at the lowest level of identifiable cash flows independent of other assets.

The Group's intangible assets mainly consist of exclusive rights in prepaid patented and unpatented licenses. The prepaid patented licenses are for clinical purpose or further development into other products. Prepaid unpatented license is for further development, once the associated research and development efforts are completed, the prepaid unpatented license will be reclassified as a finite-lived asset and is amortized over its useful life. The estimated useful life of the exclusive rights in using patents is generally the remaining patent life from the acquisition date to expiration date under the law, which is 17 to 20 years, the Group will reassess the remaining patent life on annual basis, and the Group will assess the intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable.

Impairment of long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. When these events occur, the Group measures impairment by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, the Group would recognize an impairment loss, which is the excess of carrying amount over the fair value of the assets, using the expected future discounted cash flows.

Convertible debts

The Group determines the appropriate accounting treatment of its convertible debts in accordance with the terms in relation to the conversion feature, call and put option, beneficial conversion feature and settlement feature. After considering the impact of such features, the Group concludes that, as of December 31, 2017 and June 30, 2018, the convertible debts contain a contingent beneficial conversion, which shall not be recognized in earnings until the contingency is resolved, and therefore accounts for such instrument as a liability in its entirety.

Convertible debts are subsequently measured at amortized cost, using the effective interest rate method. 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 interest expense in the condensed consolidated statements of operations.

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 the condensed consolidated statements of operations.

Convertible debts are classified as a current liability if their maturity is or will be within one year from the balance sheet date.

Revenue recognition

Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

The Company recognizes revenue when persuasive evidence of the healthcare services is rendered, the services price is fixed or determinable and collectability of the receivable is reasonably assured.

Cost of Services

Cost of healthcare services rendered represents cost in relation to the medical services provided including the cost of pharmaceutical supplies and medicine.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

Finance lease

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalized finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The interest expenses of such leases are charged to the statement of operations so as to provide a constant periodic rate of charge over the lease terms.

Inventories

Inventories for clinical operation are stated at lower of cost or net realizable value. Cost is determined using the weighted average method.

Where there is evidence that the utility of inventories, in their disposal in the ordinary course of business, will be less than cost, whether due to physical deterioration, obsolescence, changes in price levels, or other causes, the inventories are written down to net realizable value.

Research and development expenses

Research and development costs are expensed as incurred. Research and development expenses re comprised of costs incurred in performing research and development activities, including amortization of the patent license, depreciation of laboratory equipment, external costs of outside vendors engaged to conduct preclinical development activities and trials.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

Recently issued accounting standards

In May 2014, the FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, or ASU 2014-09. This new standard (Topic 606) will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to correlate with the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB voted to defer the effective date of ASU 2014-09 by one year, while allowing a company to adopt the new revenue standard early but not before the original effective date.

In March 2016, the FASB issued ASU 2016-08, which amends the principal-versus-agent implementation guidance and illustrations in the new revenue standard. ASU No. 2016-08 specifically provides clarification around performance obligations for goods or services provided by another entity, assisting in determining whether the entity is the provider of the goods or services, the principal, or whether the entity is providing for the arrangement of the goods or services, the agent.

In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers* (Topic 606): Identifying Performance Obligations and Licensing. ASU No. 2016-10 provides guidance around identifying whether promised goods or services are distinct and separately identifiable, whether promised goods or services are material or immaterial to the contract, and whether shipping and handling is considered an activity to fulfill a promise or an additional promised service. ASU No. 2016-10 also provides guidance around an entity's promise to grant a license providing a customer with either a right to use or a right to access the license, which then determines whether the obligation is satisfied at a point in time or over time, respectively.

In May 2016, the FASB issued ASU No. 2016-11, *Revenue Recognition* (Topic 605) and *Derivatives and Hedging* (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16. Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting, which rescinds various standards codified as part of Topic 605, Revenue Recognition in relation to the future adoption of Topic 606. These rescissions include changes to topics pertaining to revenue and expense recognition including accounting for shipping and handling fees and costs and accounting for consideration given by a vendor to a customer.

The above standards will be effective for us on January 1, 2019 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Group is an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2010 (the "JOBS Act"). Under the JOBS Act, emerging growth companies ("EGCs") can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. Therefore, the Group will not be subject to the same new or revised accounting standards as public companies that are not EGCS. The management has not yet selected a transition method.

Management is developing an adoption plan based on which the Group is in the process of evaluating the effects of adopting ASC606, including the selection of the adoption method, the identification of differences using sample contracts, if any, from the application of current revenue recognition standard and the impact of such differences, if any, on its condensed consolidated financial statements. The Group is currently evaluating the impact of adopting ASU No. 2016-11 on its financial statements.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Recognition and Measurement of Financial Assets and Financial Liabilities.* The amendments in this update address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The amendments in this update require public business entities that are required to disclose fair value of financial instruments measured at amortized cost on the balance sheet to measure that fair value using the exit price notion consistent with Topic 820, Fair Value Measurement. The amendments in this update require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option. The amendments in this Update require separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or in the accompanying notes to the financial statements. In addition, according to ASU No. 2016-01, all equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) will generally be measured at fair value through earnings. For equity investments without readily determinable fair values, the cost method is also eliminated. However, entities will be able to elect to record equity investments without readily determinable fair values at cost, less impairment, adjusted for subsequent observable price changes. Entities that elect this measurement alternative will report changes in the carrying value of the equity investments in current earnings. This election only applies to equity investments that do not qualify for the net asset value practical expedient. The impairment model for equity investments subject to this election is a single-step model. Under the single-step model, an entity is required to perform a qualitative assessment each reporting period to identify impairment. When a qualitative assessment indicates an impairment exists, the entity would estimate the fair value of the investment and recognize in current earnings an impairment loss equal to the difference between the fair value and the carrying amount of the equity investment. The measurement alternative may be elected separately on an investment by investment basis for each equity investment without a readily determinable fair value. Once elected, it should be applied consistently as long as the investment meets the qualifying criteria.

The amendments in this update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For non-public business entities, early adoption is not permitted. As an EGC, the Company chose to extent the adoption of the update for one year. The Group is currently evaluating the impact of adopting ASU No. 2016-01 on its financial statements.

In February 2018, the FASB issued ASU 2018-02, Income Statement—Reporting Comprehensive Income (Topic 220). The amendments in this Update allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. Consequently, the amendments eliminate the stranded tax effects resulting from the Tax Cuts and Jobs Act and will improve the usefulness of information reported to financial statement users. However, because the amendments only relate to the reclassification of the income tax effects of the Tax Cuts and Jobs Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. The amendments in this Update also require certain disclosures about stranded tax effects. Public business entities should apply the amendments in ASU 2018-02 for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption of the amendments in this Update is permitted, including adoption in any interim period, (1) for public business entities for reporting periods for which financial statements have not yet been issued and (2) for all other entities for reporting periods for which financial statements have not yet been made available for issuance. The adoption of this guidance is not expected to have a material impact on the Company’s financial condition, results of operations or cash flows.

In March 2018, the FASB issued ASU No. 2018-05, Income Tax (Topic 740) - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118. This update adds SEC paragraphs pursuant to the SEC Staff Accounting Bulletin No. 118, which expresses the view of the staff regarding application of Topic 740, Income Taxes, in the reporting period that includes December 22, 2017 - the date on which the Tax Act was signed into law. The adoption of this guidance is not expected to have a material impact on the Company’s financial condition, results of operations or cash flows.

In August 2018, the FASB issued ASU No. 2018-13, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement, which amends ASC 820, Fair Value Measurement. This ASU modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The effective date is the first quarter of fiscal year 2021, with early adoption permitted for the removed disclosures and delayed adoption until fiscal year 2021 permitted for the new disclosures. The removed and modified disclosures will be adopted on a retrospective basis and the new disclosures will be adopted on a prospective basis. The adoption will not have a material effect on the Company’s financial statements.

The Group does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the condensed consolidated financial position, statements of operations and cash flows.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

3. CHANGE IN STATUS

Prior to the March 1, 2017 change in status as an investment company, the Company recorded its investments at fair value and recorded the changes in the fair value as unrealized gain or loss. In addition, the Company recorded its direct and indirect wholly and majority owned subsidiaries at fair value since they were operating companies not providing services to the Company and not investment companies.

Upon the effective date of the change in status, the fair value accounting as an investment company was no longer applicable to the Company, rather the Company began presenting such subsidiaries on a consolidated basis. The investments in unaffiliated issuers are measured at fair value or cost, less impairment (See Note 2). The Company's initial carrying value of the net assets of the investments in subsidiaries was the fair value on the effective date of the change in status determined as follows:

Fair value of subsidiaries as of the effective date of the change in status on March 1, 2017		$ 757,647
Total net assets of the combined properties		
Intangible assets, net	$ 194,146	
Cash	593,800	
Prepayments	256	
An amount due to a related party	(28,717)	
Accounts payable and accrued expenses	(207,692)	551,793
Increase to the initial carrying value of the net assets on the effective date of the change in status on March 1, 2017		$ 205,854

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

4. FAIR VALUE MEASUREMENT

The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2017 and June 30, 2018:

December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Current Assets				
Marketable securities				
Common stocks	$ -	$ 1,972,648	$ -	$ 1,972,648
Investment in derivatives				
Warrants	24,182	-	1,070,940	1,095,122
Total assets at fair value	$ 24,182	$ 1,972,648	$ 1,070,940	$ 3,067,770

June 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Current Assets				
Marketable securities				
Common stocks	$ -	$ 2,094,620	$ -	$ 2,094,620
Investment in derivatives				
Warrants	24,174	-	711,104	735,278
Total assets at fair value	$ 24,174	$ 2,094,620	$ 711,104	$ 2,829,898

The following is a reconciliation of Level 3 assets for the period February 28, 2017 through June 30, 2017:

	Aptorum Therapeutics – related party	**Common Stocks**	**Preferred Stocks**	**Warrants**	**Convertible Notes**	**Total**
Balance at February 28, 2017	**$ 757,647**	**$ 7,920,000**	**$ 4,314,998**	**$ 1,907,470**	**$ 3,082,020**	**$ 17,982,135**
Transfer out to of Level 3 due to change in status - consolidated subsidiary (a)	(757,647)	-	-	-	-	(757,647)
Transfer out of fair value leveling since recorded as cost method (b)	-	(7,920,000)	(4,314,998)	-	-	(12,234,998)
Balance at March 1, 2017	**$ -**	**$ -**	**$ -**	**$ 1,907,470**	**$ 3,082,020**	**$ 4,989,490**
Reclassification between different investment type (c)	-	-	3,079,715	-	(3,079,715)	-
Transfer out of fair value leveling since recorded as cost method (c)	-	-	(3,079,715)	-	-	(3,079,715)
Change in unrealized depreciation	-	-	-	(262,153)	(2,305)	(264,458)
Balance at June 30, 2017	**$ -**	**$ -**	**$ -**	**$ 1,645,317**	**$ -**	**$ 1,645,317**
Net change in unrealized depreciation relating to investments still held at June 30, 2017	-	-	-	(262,153)	-	(262,153)

a. Upon the effective date of the change in status, March 1, 2017, the subsidiaries were no longer recognized at fair value and were instead consolidated when preparing the financial statements.

b. The equity investments of common stock and preferred stock were non-marketable investments under cost method upon change in status. Subsequently, Athenex Inc. was listed on the NASDAQ stock exchange on June 14, 2017 and common stock with an amount of $7,920,000 has been transferred to common stock in Level 1 with amount of $7,920,000, which was subsequently sold in December 2017 with a gain from the marketable securities of $3,722,234 recognized.

c. On March 9, 2017, the convertible promissory notes (including its accrued interest, totally $520,822) of Centrexion Therapeutics Corporation was converted into preferred stock (Series C) of the same company. On May 25, 2017, the convertible promissory notes (including its accrued interest, totaling $2,558,893) of Alzheon Inc, was converted into preferred stock (Series B) of the same company. The preferred stocks are considered non-marketable investments and were therefore reclassified out of the fair value hierarchy to be reported under cost method.

The following is a reconciliation of Level 3 assets for the period January 1, 2018 through June 30, 2018:

	Warrants
Balance at January 1, 2018	**$ 1,070,940**
Change in unrealized depreciation	(359,836)
Balance at June 30, 2018	**$ 711,104**
Net change in unrealized depreciation relating to investments still held at June 30, 2018	(359,836)

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

The following table presents the quantitative information about the Group's Level 3 fair value measurements of investment as of December 31, 2017 and June 30, 2018, which utilized significant unobservable internally-developed inputs:

December 31, 2017	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity of fair value to input
Warrants	Black-Scholes Model	Estimated time to exit Historical Volatility	24-42 months 97% - 136%	10% increase (decrease) in volatility would result in increase (decrease) in fair value by $122,664

June 30, 2018	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity of fair value to input
Warrants	Black-Scholes Model	Estimated time to exit Historical Volatility	18-36 months 115% - 158%	10% increase (decrease) in volatility would result in increase (decrease) in fair value by $60,306

Warrants

As of December 31, 2017 and June 30, 2018, the volume of the Group's derivative activities based on their notional amount and number of contracts, categorized by primary underlying risk, are as follows:

	Long Exposure			
	December 31, 2017		June 30, 2018	
Primary underlying risk	Notional Amounts	Number of Contracts	Notional Amounts	Number of Contracts
Equity Price				
Warrants	$ 2,261,530	2,338,290	$ 739,323	2,338,290

The following table identifies the fair value amounts of derivative instruments included in the statement of financial condition as derivative contracts, categorized by primary underlying risk, at December 31, 2017 and June 30, 2018. The following table also identifies the net gain and loss amounts included in the statements of operations as net unrealized gain from derivative contracts, categorized by primary underlying risk, for the period March 1, 2017 through June 30, 2017 and period January 1, 2018 through June 30, 2018:

	March 1, 2017 through June 30, 2017			
Primary underlying risk	Derivative assets	Derivative liabilities	Realized loss	Unrealized loss
Equity Price				
Warrants	$ 1,649,751	$ -	$ (7,094)	$ (265,779)

	January 1, 2018 through June 30, 2018			
Primary underlying risk	Derivative assets	Derivative liabilities	Realized loss	Unrealized loss
Equity Price				
Warrants	$ 735,278	$ -	$ -	$ (359,844)

5. OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments as of December 31, 2017 and June 30, 2018 consisted of:

	December 31, 2017	June 30, 2018 (Unaudited)
Prepaid insurance	$ 107,842	$ 69,333
Prepaid service fee	91,002	120,135
Rental deposits	61,333	18,374
Prepaid rental expenses	11,910	38,824
Prepaid R&D expenses	-	120,106
Others	38,243	54,528
	$ 310,330	$ 421,300

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

6. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment as of December 31, 2017 and June 30, 2018 consisted of:

	December 31, 2017	June 30, 2018 (Unaudited)
Building	$ -	$ 1,488,396
Computer equipment	14,057	60,496
Furniture, fixture, and office and medical equipment	-	245,717
Leasehold improvements	-	658,446
Laboratory equipment	339,000	1,649,888
Motor vehicle	-	239,093
	353,057	4,342,036
Less: accumulated depreciation	6,470	130,715
Property, plant and equipment, net	$ 346,587	$ 4,211,321

Depreciation expenses for property, plant and equipment amounted to $nil and $124,245 for the period from March 1, 2017 through June 30, 2017 and period from January 1, 2018 through June 30, 2018, respectively.

7. INTANGIBLE ASSETS, NET

	December 31, 2017	June 30, 2018 (Unaudited)
Gross carrying amount		
Prepaid unpatented license	$ 200,000	$ 200,000
Prepaid patented licenses	1,325,140	1,325,140
Computer software	-	34,936
	1,525,140	1,560,076
Less: accumulated amortization		
Prepaid patented licenses	52,433	103,730
Computer software	-	3,860
	52,433	107,590
Intangible assets, net		
Prepaid unpatented license	200,000	200,000
Prepaid patented licenses	1,272,707	1,221,410
Computer software	-	31,076
Intangible assets, net	$ 1,472,707	$ 1,452,486

As of December 31, 2017 and June 30, 2018, the Group entered into seven exclusive license agreements with third-party licensors, for seven patented and one unpatented technologies in the areas of neurology, infectious diseases, gastroenterology, oncology, surgical robotics and natural health, respectively. Pursuant to the license agreements, the Group paid upfront payments and became the exclusive licensee to prosecute certain patents developed or licensed under the applicable agreements.

The Group recognized the prepaid unpatented license to reflect the fair value of the subsidiaries as of the date of the change in status from an investment company. The Group capitalizes the prepaid patented license for the exclusive rights with completed filing of patents in certain jurisdictions (e.g., the United States of America and Europe) and alternative future uses.

Prepaid unpatented license is indefinite-lived intangible assets which are tested for impairment annually. Prepaid patented licenses are finite-lived intangible assets which are amortized over their estimated useful life. Amortization expenses for finite-lived intangible assets amounted to $15,837 and $51,297 for the period March 1, 2017 through June 30, 2017 and period January 1, 2018 through June 30, 2018, respectively.

The Group expects amortization expense related to its finite-lived intangible assets to be as follows as of June 30, 2018:

For the years ending December 31,	Amount
Remaining of 2018	$ 60,945
2019	115,549
2020	111,815
2021	105,069
2022	102,820
Thereafter	756,288
Total	$ 1,252,486

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

8. LONG-TERM PREPAYMENTS

Long-term prepayments as of December 31, 2017 and June 30, 2018 consisted of:

	December 31, 2017	June 30, 2018 (Unaudited)
Rental deposit	$ 20,092	$ 184,780
Prepayments for equipment	1,737,664	2,000,621
	$ 1,757,756	$ 2,185,401

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of December 31, 2017 and June 30, 2018 consisted of:

	December 31, 2017	June 30, 2018 (Unaudited)
License agreements payable	$ 356,410	$ 153,846
Professional fees payable	154,429	67,826
Research and development expenses payable	104,013	37,990
Interest payable	-	218,667
Payables for leasehold improvement and equipment	-	187,017
Commission payable	-	150,000
Accrued directors' and employees' bonus	-	118,478
Rental expenses payable	-	58,912
Others	38,496	42,849
	$ 653,348	$ 1,035,585

10. INCOME TAXES

The Company and its subsidiaries file tax returns separately.

Income taxes

Cayman Islands: under the current laws of the Cayman Islands, the Company and its subsidiaries in the Cayman Islands are not subject to taxes on their income and capital gains.

Hong Kong: in accordance with the relevant tax laws and regulations of Hong Kong, a company registered in Hong Kong is subject to income taxes within Hong Kong at the applicable tax rate on taxable income. All the Hong Kong subsidiaries that are not entitled to any tax holiday were subject to income tax at a rate of 16.5%. The subsidiaries in Hong Kong did not have assessable profits that were derived Hong Kong during the period March 1, 2017 through June 30, 2017 and the period January 1, 2018 through June 30, 2018. Therefore, no Hong Kong profit tax has been provided for in the periods presented.

Macao: Taxpayers in Macao are divided into Group A and Group B, Group A taxpayers are companies that have maintained proper accounting books and records, with capital of MOP1,000,000 and above or average assessed annual taxable profits in the past three years of more than MOP500,000, those who do not meet the criteria of Group A taxpayers are assigned to Group B. Group B taxpayers are assessed by the Macao Finance Bureau on a deemed profit basis, and Group B taxpayers are unable to carry forward tax losses. The capital of the subsidiary in Macao is MOP100,000 and it is assigned to Group B taxpayer. The tax loss of subsidiary in Macao cannot be utilized.

United Kingdom: in accordance with the relevant tax laws and regulations of United Kingdom, a company registered in the United Kingdom is subject to income taxes within United Kingdom at the applicable tax rate on taxable income. All the United Kingdom subsidiaries that are not entitled to any tax holiday were subject to income tax at a rate of 19%. The subsidiary in United Kingdom did not have assessable profits that were derived United Kingdom during the period March 1, 2017 through June 30, 2017 and the period January 1, 2018 through June 30, 2018. Therefore, no United Kingdom profit tax has been provided for in the periods presented.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

The components of the provision for income taxes expenses are:

	March 1, 2017 through June 30, 2017 (Unaudited)	January 1, 2018 through June 30, 2018 (Unaudited)
Current	$ -	$ -
Deferred	-	-
Total income taxes expense	$ -	$ -

The reconciliation of income taxes expenses computed at the Hong Kong statutory tax rate applicable to income tax expense is as follows:

	March 1, 2017 through June 30, 2017 (Unaudited)	January 1, 2018 through June 30, 2018 (Unaudited)
Net loss before tax	$ (1,037,299)	$ (5,535,942)
Provision for income taxes at Hong Kong statutory income tax rate (16.5%)	(171,154)	(913,430)
Impact of different tax rates in other jurisdictions	132,995	909,601
Change in valuation allowance	38,159	3,829
Effective income tax expense	$ -	$ -

Deferred tax asset, net

Deferred tax assets and deferred tax liabilities reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the tax bases used for income tax purpose. The following represents the tax effect of each major type of temporary difference.

	December 31, 2017	June 30, 2018 (Unaudited)
Tax loss carry forward	$ 29,432	$ 33,261
Valuation allowance	(29,432)	(33,261)
Deferred taxes assets, net	$ -	$ -

As of December 31, 2017 and June 30, 2018, the Group had net operating loss carry-forwards of $178,378 and $194,838, respectively, from its Hong Kong operations, which are available to reduce future taxable income; and all of these losses can be carried forward indefinitely. As of June 30, 2018, the Group has net operating loss carry-forwards of $5,857 from its United Kingdom operations, which are available to reduce future taxable income; and all of these losses can be carried forward indefinitely

Valuation allowance was provided against deferred tax assets in entities where it was determined, it was more likely than not that the benefits of the deferred tax assets will not be realized. The Group had deferred tax assets which consisted of tax loss carry forward, which can be carried forward to offset future taxable income. The Group maintains a full valuation allowance on its net deferred tax assets. The management determines it is more likely than not that all of its deferred tax assets will not be utilized. The valuation allowance increased by $38,159 and $3,829, respectively, for the period March 1, 2017 through June 30, 2017 and period January 1, 2018 through June 30, 2018.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

11. RELATED PARTY BALANCES AND TRANSACTIONS

The following is a list of a director and related parties to which the Group has transactions with:

(a) Ian Huen, the Chief Executive Officer and Executive Director of the Group;
(b) AENEAS CAPITAL LIMITED, an entity controlled by Ian Huen;
(c) Aeneas Limited, formerly known as Aptus Financial Holdings Limited, an entity controlled by Ian Huen;
(d) Aeneas Group Limited, formerly known as Aptus Asia Financial Holdings Limited, an entity controlled by Ian Huen;
(e) Aeneas Management Limited, an entity controlled by Ian Huen;
(f) Jurchen Investment Corporation, the holding company and an entity controlled by Ian Huen;
(g) Clark Cheng, the Executive Director of the Group

Amounts due from related parties

Amounts due from related parties consisted of the following as of December 31, 2017 and June 30, 2018:

	December 31, 2017	June 30, 2018 (Unaudited)
AENEAS CAPITAL LIMITED (b)	$ 106,942	$ -
Aeneas Limited (c)	190,427	-
Aeneas Group Limited (d)	7,451	-
Total	$ 304,820	$ -

Amounts due to related parties

Amounts due to related parties consisted of the following as of December 31, 2017 and June 30, 2018:

	December 31, 2017	June 30, 2018 (Unaudited)
AENEAS CAPITAL LIMITED (b)	$ 197,386	$ -
Ian Huen (a)	-	306
Clark Cheng (g)	-	17,306
Total	$ 197,386	$ 17,612

Related party transactions

Related party transactions consisted of the following for the period March 1, 2017 through June 30, 2017 and period January 1, 2018 through June 30, 2018:

	March 1, 2017 through June 30, 2017 (Unaudited)	January 1, 2018 through June 30, 2018 (Unaudited)
A borrowing from a related party (Note I)		
- Ian Huen (a)	$ 6,410	$ -
Payments on behalf of the Group (Note II)		
- AENEAS CAPITAL LIMITED (b)	$ 54,500	$ -
- Aeneas Management Limited (e)	-	$ 8,064
Expense reimbursement (Note II)		
- AENEAS CAPITAL LIMITED (b)	$ 54,500	$ 7,331
- Aeneas Management Limited (e)	$ -	$ 8,064
Payments on behalf of related parties (Note III)		
- AENEAS CAPITAL LIMITED (b)	$ -	$ 22,933
Repayments from related parties (Note III)		
- AENEAS CAPITAL LIMITED (b)	$ -	$ 330,005
Management and administrative fees (Note IV)		
- AENEAS CAPITAL LIMITED (b)	$ 256,316	$ 384,615
Rental expense (Note V)		
- Jurchen Investment Corporation (f)	$ -	$ 94,304
Settlement of rental expense (Note V)		
- Jurchen Investment Corporation (f)	$ -	$ 94,304

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

Note I: The non-interesting-bearing loan was borrowed from management for operation purpose and the loan was due on demand.

Note II: AENEAS CAPITAL LIMITED has paid the audit fee and legal fee on behalf of the Group and received the expense reimbursement. The balances were non-interest bearing.

Aeneas Management Limited has paid the operation fee on behalf of the Group and received the expense reimbursement. The balances were non-interest bearing.

Note III: The Group has paid the expenses on behalf of AENEAS CAPITAL LIMITED, of which the whole amounts were non-interest bearing.

Note IV: AENEAS CAPITAL LIMITED provides certain management and administrative services to the Group. For the period March 1, 2017 through June 30, 2017 and period January 1, 2018 through June 30, 2018, AENEAS CAPITAL LIMITED was entitled to receive a fixed amount of administrative fees of HKD500,000 (approximately $64,103) per calendar month.

Note V: Jurchen Investment Corporation entered into a sub-tenancy agreement with a subsidiary of the Group for the rental arrangement of an office in Hong Kong. For the period February 1, 2018 through January 31, 2021, Jurchen Investment Corporation was entitled to receive a fixed amount of rental fee of HK$130,000 (approximately USD16,667) per calendar month.

On November 11, 2017, the Group sold 100% of the ownership of Aeneas Limited and its subsidiary, Aeneas Group Limited, to Jurchen Investment Corporation for cash proceeds of $1. The Group recognized a gain on disposal of entity under common control of $67,874, net of net liabilities of Aeneas Limited and its subsidiary of $67,873 in condensed consolidated statement of shareholders' equity.

On April 3, 2018, Aptorum Medical Limited issued 526 shares to Clark Cheng, decreasing the equity interest of the Company from 100% to 95%.

In April 2018, the Company, AENEAS CAPITAL LIMITED, Aeneas Management Limited and Aeneas Group Limited entered into a net settlement agreement to offset the amount due from related parties against the amount due to related parties. Thereby, the Company is released from obligation for a total amount of $164,973, netting off receivables of total amount of $197,878 and collected remaining balance of $32,905.

12. CONVERTIBLE DEBTS

Convertible promissory notes

As of December 31, 2017, the Group issued an aggregated amounted of $480,000 of convertible promissory notes (the "Notes"). The Notes will be redeemed by the Group on the earlier of (i) the twelve months anniversary of the issuance date; and (ii) the date that the Group redeems the Notes if it has not consummated the Initial Public Offering (the "IPO") within twelve months of the issuance date. Interest on the Notes is accrued at a rate of 1% per annum and shall be compounded annually. The Notes are convertible into the Class A Ordinary Shares of the Company at a price of 56% discount to the actual price per Class A Ordinary Share to be issued in the IPO at the time that the Group consummates an initial closing of the IPO.

For the period January 1, 2018 through June 30, 2018, the Group has additionally issued $1,120,400 of convertible promissory notes under the same terms above. As of June 30, 2018, $1,600,400 of convertible promissory notes were issued accumulatively, and an unamortized debt issuance costs and discounts of $43,296 was recorded in the condensed consolidated balance sheet. During the period January 1, 2018 through June 30, 2018, the interest accretion and the contractual interest coupon of the Notes was $6,020 and $2,001, respectively.

As of June 30, 2018, the aggregate effective interest rate on the Notes is approximately 4.21% per annum.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

Convertible bonds

On April 6, 2018, the Group has entered into a subscription agreement (the "Bond Subscription Agreement") with Peace Range Limited ("Peace Range"). Pursuant to the Bond Subscription Agreement, the Group issued Peace Range a $15,000,000 convertible bond (the "Bond" and the "Bond Offering"), minus a structuring fee equal to 2% of the principal amount of the Bond, on April 25, 2018. The Group also agreed to pay certain expenses, up to an aggregate limit of $250,000, incurred by Peace Range in connection with the Bond Offering. The Bond earns interest at the rate of 8% per annum, payable semi-annually. The payment of the Bond is guaranteed by the holding company, Jurchen Investment Corporation. In addition, the repayment of the principal of the Bond and interest payables is secured by a fund the Group set aside in a debt service reserve account, with the funds in the debt service reserve account to be released in an amount pro rata to the principal amount of the Bond being converted. The Bond shall mature on the twelfth calendar month following the issuance date, or with prior written consent of the holders of the Bond, the business day falling six calendar months thereafter. 10% of the principal amount of the Bond shall be automatically converted into our Class A Ordinary Shares upon the closing of this Offering and the rest of the Bond is convertible at the option of the holder commencing on the closing of this Offering until the earlier of the date falling 12 calendar months after the maturity of the Bond and the date falling 12 calendar months after the closing of this Offering, at a price offered at the IPO with a discount ranging from 19% to 22% depending on the date of the IPO occurred. The Group closed the Bond Offering on April 25, 2018 and issued a Bond to Peace Range pursuant to the Bond Subscription Agreement. The contingent beneficial conversion is contained in convertible bonds, which shall not be recognized in earnings until the contingency event, initial closing of the IPO, is resolved. The Company has determined that the conversion feature embedded in the convertible loan should not be bifurcated, and therefore, accounted as a liability in its entirety.

One of the underwriters in this Offering, Boustead, also served as a placement agent for the Bond Offering and received (i) a cash success fee of $600,000 and (ii) warrants to purchase a number of Class A Ordinary Shares equal to 5.5% of the number of Class A Ordinary Shares issuable upon conversion of the Bond, at an exercise price equal to a 23% discount to this Offering price, subject to adjustment (the "Bond PA Warrants"). The Bond PA Warrants are exercisable on a cashless basis. There is no expense recognition for the warrants when the Bond Subscription Agreement is executed until the completion of the performance obligation, which is the success of IPO. China Renaissance also served as a placement agent for the Bond Offering; for such services, China Renaissance received a cash success fee of $150,000.

As of June 30, 2018, the principal amount of the Bond was $15,000,000 and the unamortized debt issuance costs and discounts was $869,257. As of June 30, 2018, the aggregate effective interest rate on the Bond is approximately 16.39% per annum. During the period January 1, 2018 through June 30, 2018, the interest accretion and the contractual interest coupon of the Bond was $180,743 and $216,666, respectively.

13. FINANCE LEASE

On May 14, 2018, the Group leased a vehicle for its operation and the lease was classified as a finance lease. The following lists the components of the net present value of capital leases obligation:

	June 30, 2018 (Unaudited)
Gross capital lease obligation	$ 237,814
Less: Discount on capital lease obligation	29,080
	208,734
Less: Current portion of capital lease obligation	42,597
Net present value of capital lease obligation, net of current portion	$ 166,137

The present value of the net minimum payments on capital lease as of June 30, 2018 is as follows:

	Remaining of 2018	2019	2020	2021	2022	Total
Minimum lease payments	$ 26,922	$ 53,845	$ 53,845	$ 53,845	$ 49,357	$ 237,814
Less: Amortization of discount	5,939	9,968	7,290	4,449	1,434	29,080
Capital lease obligation	$ 20,983	$ 43,877	$ 46,555	$ 49,396	$ 47,923	$ 208,734

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

14. ORDINARY SHARES

According to the Restructuring Plan, the ten management shares of par value of $0.01 has been cancelled, and the 256,571 issued participating shares of par value of $0.01 has been compulsorily redeemed and 4,743,419 unissued participating shares of par value of $0.01 each has been cancelled. Meanwhile, the Company has an authorized share capital consisting of 100,000,000 ordinary shares (the "Ordinary Shares"), par value $1.00 per share, and 25,657,110 shares was issued to the original investors.

During the period March 1, 2017 through October 13, 2017, 2,207,025 of the Company's Ordinary Shares were issued at a price of $3.90 per share.

On October 13, 2017, a resolution was passed at a general meeting of the Company that: (i) 72,135,865 of authorized but unissued Ordinary Shares of the Company were replaced with 54,573,619 Class A ordinary shares (the "Class A Ordinary Shares") of par value of $1.00 per share and 17,562,246 Class B ordinary shares (the "Class B Ordinary Shares") of par value of $1.00 per share, respectively; (ii) 24,930,839 issued Ordinary Shares, which were issued to three shareholders, were converted into 2,493,085 Class A Ordinary Shares of par value of $1.00 per share and 22,437,754 Class B Ordinary Shares of par value of $1.00 per share; and (iii) 2,933,296 issued Ordinary Shares, which were issued to 24 shareholders, were converted into 2,933,296 Class A Ordinary Shares of par value of $1.00 per share.

Holders of Class A Ordinary Shares and Class B Ordinary Shares have the same rights except for the following: (i) each Class A Ordinary Share is entitled to one vote while each Class B Ordinary Share is entitled to ten votes; and (ii) each Class B Ordinary Share is convertible into one Class A Ordinary Share at any time while Class A Ordinary Shares are not convertible under any circumstances.

A total of 5,500,000 Class A Ordinary Shares (subject to subsequent adjustments described more fully below) may be issued pursuant to awards under the 2017 Omnibus Incentive Plan (the "2017 Share Option Plan"). Subsequent adjustments include that on each January 1, starting with January 1, 2020, an additional number of shares equal to the lesser of (i) 2% of the outstanding number of Class A Ordinary Shares (on a fully diluted basis) on the immediate preceding December 31, and (ii) such lower number of Class A Ordinary Shares as may be determined by the board of directors, subject in all cases to adjustments as provided in Section 10 of the 2017 Share Option Plan. Awards will be made pursuant to agreements and may be subject to vesting and other restrictions as determined by the board of directors. As of June 30, 2018, 5,500,000 shares were available for future grant under the 2017 Share Option Plan.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

15. NON-CONTROLLING INTEREST

As of December 31, 2017, non-controlling interest related to 1% minority interest in APTUS BIOTECHNOLOGY (MACAO) LIMITED ("APTUS Macao") and 10% minority interest in mTOR (Hong Kong) Limited ("mTOR") in the condensed consolidated balance sheet was ($14,045) in total. For the period March 1, 2017 through June 30, 2017, non-controlling interest related to APTUS Macao and mTOR in the condensed consolidated statements of operations was a loss of $8,893 in total.

As of June 30, 2018, non-controlling interest related to 1% minority interest in APTUS Macao, 10% minority interest in mTOR, 5% minority interest in Aptorum Medical Limited, 20% minority interest in Acticule, and 20% minority interest in Lanither Life Sciences Limited in the condensed consolidated balance sheet was ($113,341) in total. For the period January 1, 2018 through June 30, 2018, non-controlling interest related to these companies in the condensed consolidated statements of operation was a loss of $47,570 in total.

16. NET LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

	March 1, 2017 through June 30, 2017 (Unaudited)	January 1, 2018 through June 30, 2018 (Unaudited)
Numerator:		
Net loss attributable to Aptorum Group Limited	$ (1,028,406)	$ (5,488,372)
Denominator:		
Basic and diluted weighted average common shares outstanding	25,674,321	27,864,135
Basic and diluted loss per share	$ (0.04)	$ (0.20)

Basic loss per share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares. Potential dilutive securities are excluded from the calculation of diluted EPS in loss periods as their effect would be anti-dilutive.

17. PRINCIPAL RISK

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables such as interest rate, foreign exchange rates and equity prices.

The maximum risk resulting from financial instruments equals their fair value.

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

Interest rate risk sensitivity analysis

The Group's cash held with the Cash Custodian and the Custodian are exposed to interest rate risk. However, Management considers the risk to be minimal as they are short-term with terms less than one month.

(b) Currency risk

Currency risk is the risk that the value of financial assets or liabilities will fluctuate due to changes in foreign exchange rates.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

Currency risk sensitivity analysis

At December 31, 2017 and June 30, 2018, the Group has no significant foreign currency risk because its business is principally conducted in Hong Kong and most of the transactions are denominated in Hong Kong dollar. Since the Hong Kong dollar is pegged to the United States dollar, the Group's exposure to foreign currency risk in respect of the balances denominated in Hong Kong dollars is considered to be minimal.

(c) Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equities or equity-linked derivatives as the result of changes in the levels of equity indices and the value of individual shares. The Group has been exposed to price risk on all of its equities investments and equities-linked derivatives.

Management's best estimate of the effect on net assets and profit due to a reasonably possible change of relevant benchmarks, with all other variables held constant is as follows. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial assets and liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

The Group invests in private equities which are generally unquoted and not readily marketable. The Group manages its liquidity risk by setting investment limits on unlisted securities that cannot be readily disposed of. Investment of the Group's assets in unquoted securities may restrict the ability of the Group to dispose of its investment at a price and time it wishes to do so.

CREDIT RISK

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of bank deposits and balances, assets held with the Custodian/Prime Broker, derivatives where the brokers are the counterparty and the Group's debt securities investments.

The Custodian/Prime Broker provides the clearing and depository operations for the Group's security transactions. The Custodian/Prime Broker also provides loans and financing to the Group and assets held by the Custodian/Prime Brokers will be charged as a continuing security for the payment and discharge of all liabilities of the Group.

The Group is also exposed to credit risk on the cash held with the Custodian/Prime Broker amounting to $122,127 and $115,739, respectively, as of December 31, 2017 and June 30, 2018. The credit rating ascribed by Standard and Poor's to Credit Suisse as of December 31, 2017 and June 30, 2018 was A, respectively.

Furthermore, the Group takes on exposure to credit risk on cash balances held with DBS Bank Ltd, Hong Kong Branch, Industrial and Commercial Bank of China (Macao) Limited and Bank of China (Hong Kong) Limited for the purposes of payments of Group expenses.

All transactions in listed securities are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. The Group limits its exposure to credit risk by transacting all of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Group considers to be well established.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

CONCENTRATION RISK

The table below analyses the Group's concentration of equity price risk by country and region, and industry:

	December 31, 2017	June 30, 2018 (Unaudited)
Country and Region		
United States of America	$ 10,462,483	$ 9,924,610
Total	$ 10,462,483	$ 9,924,610
Industry		
Pharmaceutical and biotechnology	$ 10,443,175	$ 9,919,647
Healthcare	19,308	4,963
Total	$ 10,462,483	$ 9,924,610

INVESTMENTS IN DERIVATIVES RISK

Warrants

Since warrants have a limited life, as the expiration date of a warrant approaches, the time value of a warrant will decline. In addition, if the stock underlying the warrant declines in price, the intrinsic value of an "in the money" warrant will decline. Further, if the price of the stock underlying the warrant does not exceed the strike price of the warrant on the expiration date, the warrant will expire worthless. As a result, there is the potential for the Group to lose its entire investment in a warrant. The Group is exposed to counterparty risk from the potential failure of an issuer to settle its exercised warrants. The maximum risk of loss from counterparty risk to the Group is the fair value of the contracts and the purchase price of the warrants.

18. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The total future minimum lease payments under the non-cancellable operating leases with respect to the offices and the laboratory as of June 30, 2018 are as follows:

For the years ending December 31,	Amount
Remaining of 2018	$ 282,777
2019	631,682
2020	626,277
2021	397,842
2022	75,174
2023 and thereafter	-
Total	$ 2,013,752

Rental expenses for the period March 1, 2017 through June 30, 2017 and period January 1, 2018 through June 30, 2018 were $nil and $296,074, respectively.

Contingent Payment Obligations

The Group has entered into agreements with independent third parties for purchasing office and laboratory equipment. As of June 30, 2018, the Group had non-cancellable purchase commitments of $358,099.

The Company has additional contingency payment obligations under each of the license agreements, such as milestone payments, royalties, research and development funding, if certain condition or milestone is met.

APTORUM GROUP LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Stated in U.S. Dollars)

Milestone payments are to be made upon achievements of certain conditions, such as Investigational New Drugs ("IND") filing or U.S. Food and Drug Administration ("FDA") approval, first commercial sale of the licensed products, or other achievements. The aggregate amount of the milestone payments that the Company are required to pay up to different achievements of conditions and milestones for all the license agreements signed as of June 30, 2018 are below:

	Amount
Drug molecules: up to the conditions and milestones of	
Preclinical to IND filing	$ 372,564
From entering phase 1 to before first commercial sale	24,216,410
First commercial sale	15,656,410
Net sales amount more than certain threshold in a year	75,769,231
Subtotal	116,014,615
Surgical robotics and medical devices: up to the conditions and milestones of	-
Before FDA approval	300,000
FDA approval obtained	200,000
Subtotal	500,000
Total	$ 116,514,615

For the period March 1, 2017 through June 30, 2017 and period January 1, 2018 through June 30, 2018, the Company did not incur any milestone payments, royalties or research and development funding. As of June 30, 2018, no milestone payments had been triggered under any of the existing license agreements.

19. SEGMENT REPORTING

The Group's chief operating decision maker, the Chief Executive Officer, reviews the consolidated results when making decisions about allocating resources and accessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reporting. The Group's long-lived assets are substantially all located in Hong Kong and substantially all of the Group's expense is derived from within Hong Kong. Therefore, no geographical segments are presented.

20. SUBSEQUENT EVENTS

The Group has evaluated subsequent events through October 5, 2018, the date of issuance of the condensed consolidated financial statements, and no subsequent event is identified that would have required adjustment or disclosure in the condensed consolidated financial statements.

Table of Contents

Minimum Offering: $10,000,000 Class A Ordinary Shares/632,912 Class A Ordinary Shares
Maximum Offering: $30,000,000 Class A Ordinary Shares/1,898,734 Class A Ordinary Shares

Aptorum Group Limited

PRELIMINARY PROSPECTUS

Through and including [ ], 2018 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this Offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors, Officers and Employees.

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Memorandum and Articles permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission, or the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 7. Recent Sales of Unregistered Securities.

During the past three years, we have issued the following securities. We believe that each of the following issuances was exempt from registration under Section 4(a)(2) of the Securities Act regarding transactions not involving a public offering and/or Regulation S promulgated thereunder regarding offshore offers and sales.

On May 15, 2018, we closed a private financing pursuant to a note purchase agreement with the Series A Note Investors who purchased an aggregate of approximately $1.6 million of convertible notes, at a purchase price of $10,000 per note convertible into our Class A Ordinary Shares at a conversion price of $6.95 per share, which represents a 56% discount to this offering price the Series A Notes. Boustead, who is an underwriter of this Offering, together with other affiliates of the Company, purchased Series A Notes in the aggregate amount of $150,000. We refer to the private placement transaction as the "Series A Note Offering." The Series A Note Investors entered into a lock-up agreement, pursuant to which they agreed not to sell or otherwise transfer or dispose of the Series A Note or the Class A Ordinary Shares underlying the Series A Notes during the six-month period commencing on the effective date of this prospectus and the date of our Class A Ordinary Shares commence trading on a national securities exchange. The Series A Notes will automatically convert into 230,252 Class A Ordinary Shares at the closing of the Offering and at the commencement of trading on NASDAQ Global Market of our Class A Ordinary Shares. As a result, the investors in this Offering will experience immediate dilution when the Series A Notes are automatically converted. (See Risk Factor – "You will experience immediate and substantial dilution as a result of this Offering and may experience additional dilution in the future") The issuance and sale of Series A Notes, Note PA Warrants and the underlying Class A Ordinary Shares to the investors and the placement agent in the Series A Note Offering was made in reliance on an exemption from registration contained in either Regulation D or Regulation S of the Securities. The securities sold in the Series A Note Offering may be offered or sold only pursuant to an effective registration statement or pursuant to an available exemption from the registration requirements of the Securities Act.

On April 6, 2018, we entered into subscription agreement with one investor pursuant to which we issued a $15,000,000 8% convertible bond that matures in April 2019 (the "Bond"). The Bond is guaranteed by our parent company, Jurchen Investment Corporation.

Item 8. Exhibits and Financial Statement Schedules.

(a) Exhibits

The exhibits of the registration statement are listed in the Exhibit Index to this registration statement and are incorporated herein by reference.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or consolidated financial statements or the notes thereto.

Item 9. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on November 15, 2018.

Aptorum Group Limited

By: /s/ Ian Huen
Name: Ian Huen
Title: Chief Executive Officer and Executive Director

POWER OF ATTORNEY

Each person whose signature appears below hereby appoints Ian Huen and Sabrina Khan, and each of them severally, acting alone and without the other, his or her true and lawful attorney-in-fact with full power of substitution or re-substitution, for such person and in such person's name, place and stead, in any and all capacities, to sign on such person's behalf, individually and in each capacity stated below, any and all amendments, including post-effective amendments to this Registration Statement, and to sign any and all additional registration statements relating to the same offering of securities of the Registration Statement that are filed pursuant to Rule 462 of the Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities set forth below on November 15, 2018.

/s/ Ian Huen Name: Ian Huen	Chief Executive Officer (principal executive officer) and Executive Director
/s/ Sabrina Khan Name: Sabrina Khan	Chief Financial Officer (principal financial officer and principal accounting officer)
/s/ Darren Lui Name: Darren Lui	President, Chief Business Officer and Executive Director
/s/ Clark Cheng Name: Clark Cheng	Chief Medical Officer and Executive Director
/s/ Douglas Arner Name: Douglas Arner	Director
/s/ Charles Bathurst Name: Charles Bathurst	Director
/s/ Mirko Scherer Name: Mirko Scherer	Director
/s/ Justin Wu Name: Justin Wu	Director

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the requirements of the Securities Act of 1933, the Registrant's duly authorized representative has signed this registration statement on Form F-1 in the City of New York, State of New York, on November 15, 2018.

By: /s/ Louis Taubman
Name: Louis Taubman
Title: Authorized Representative in the United States

EXHIBIT INDEX

(a) *Exhibits.* The following exhibits are included herein or incorporated herein by reference:

The following documents are filed as part of this registration statement:

1.1	Form of Underwriting Agreement *
3.1	Second Amended and Restated Memorandum and Articles of Association of Aptorum Group Limited ***
4.1	Specimen Ordinary Share Certificate***
4.2	Form of Series A Convertible Promissory Note***
4.3	Form of Underwriter Warrant*
4.4	Form of Series A Convertible Promissory Note Placement Agent Warrant, dated May 15, 2018*
4.5	Form of Bond Placement Agent Warrant, dated April 6, 2018*
5.1	Opinion of Cayman Islands counsel of Aptorum Group Limited, as to the validity of the Ordinary Shares and tax matters*
10.1	Appointment Letter between the Company and Ian Huen (Founder, Chief Executive Officer & Executive Director), dated September 25, 2017***
10.2	Employment Letter between the Company and Sabrina Khan (Chief Financial Officer), dated September 1, 2017***
10.3	Addendum to Employment Letter between Company and Sabrina Khan (Chief Financial Officer) dated April 24, 2018***
10.4	Appointment Letter between the Company and Darren Lui (Chief Business Officer, President & Director), dated September 25, 2017***
10.5	Employment Letter between the Company and Clark Cheng (Chief Medical Officer & Director), dated August 31, 2017***
10.6	Addendum to Appointment Letter between the Company and Clark Cheng (Chief Medical Officer & Director), dated September 25, 2017***
10.7	Second Addendum to Appointment Letter between the Company and Clark Cheng (Chief Medical Officer & Director), dated October 30, 2017***
10.8	Third Addendum to Appointment Letter between the Company and Clark Cheng (Chief Medical Officer & Director), dated January 2, 2018***
10.9	Appointment Letter between the Company and Keith Chan (Chief Scientific Officer), dated August 18, 2017***
10.10	Appointment Letter between the Company and Charles Bathurst (Independent Non-Executive Director), dated September 24, 2017***
10.11	Appointment Letter between the Company and Mirko Scherer (Independent Non-Executive Director), dated September 24, 2017***
10.12	Employment Agreement between the Company and Justin Wu (Independent Non-Executive Director), dated September 18, 2017***
10.13	Employment Agreement between the Company and Douglas Arner (Independent Non-Executive Director), dated February 13, 2018***
10.14	Management Agreement between the Company and Guardian Capital Management Limited, dated March 1, 2017***
10.15	Consulting Agreement between the Company and GloboAsia, LLC (includes provisions for the appointment of Keith Chan as Chief Scientific Officer) dated August 18, 2017***
10.16	Management Agreement between the Company and APTUS CAPITAL LIMITED, dated October 26, 2010***
10.17	First Addendum to the Management Agreement between the Company and APTUS CAPITAL LIMITED, dated February 10, 2012***

10.18	Second Addendum to the Management Agreement between the Company and APTUS CAPITAL LIMITED, December 9, 2016***
10.19	Subscription Agreement between the Company and Peace Range Limited, dated April 6, 2018***
10.20	Share Charge Agreement between the Company, Jurchen Investment Corporation and Peace Range Limited, dated April 25, 2018***
10.21	Deed of Guarantee of Jurchen Investment Corporation, acknowledged by Peace Range Limited, dated April 25, 2018***
10.22	Charge Account Agreement between the Company and Peace Range Limited, dated April 25, 2018***
10.23	Bond Certificate between the Company and Peace Range Limited, dated April 25, 2018***
10.24	Escrow Agreement between the Company and Peace Range Limited, dated April 25, 2018***
10.25	2017 Share Option Plan***
10.26	Form of Securities Purchase Agreement for the Series A Convertible Promissory Notes, dated May 15, 2018***
10.27	Lock-up Agreement for Series A Convertible Promissory Notes, dated May 15, 2018***
10.28	Exclusive License agreement for NLS-1 dated July 3, 2017#***
10.29	Addendum to License Agreement for NLS-1 dated February 9, 2018***
10.30	Exclusive Patent License agreement for ALS-1#***
10.31	First Amendment to the Exclusive Patent License Agreement for ALS-1 dated June 7, 2018***
10.32	Exclusive Patent License agreement for ALS-4#***
10.33	First Amendment to the Exclusive Patent License Agreement dated June 7, 2018***
10.34	Sub-Tenancy Agreement for Guangdong Investment Tower***
10.35	Service Agreement between Covar Pharmaceuticals Incorporated and Videns Incorporation Limited dated May 15, 2017***
10.36	Appointment Letter and Addendum to Service Agreement with Covar Pharmaceuticals Incorporated and Dr. Kwok Chow dated December 15, 2017***
10.37	Appointment Letter and Addendum to Service Agreement with Covar Pharmaceuticals Incorporated and Mr. Austin Freedman dated December 26, 2017***
10.38	Form of the Subscription Agreement*
10.39	Offering Deposit Account Agency Agreement by and among the Company, Boustead and FinTech Clearing dated November 3, 2018*
14.1	Code of Business Conduct and Ethics of the Company***
21.1	List of Subsidiaries***
23.1	Consent of Marcum Bernstein & Pinchuk LLP*
23.2	Consent of Cayman Islands counsel of Aptorum Group Limited (included in Exhibit 5.1)*
24.1	Power of Attorney (included on signature page)*
99.1	Charter of the Audit Committee***
99.2	Charter of the Compensation Committee***
99.3	Charter of the Nominating and Corporate Governance Committee***

* Filed herewith.

\# Portions of the exhibit have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended, and the agreement with the omitted portions has been separately filed with the Securities and Exchange Commission.

*** Previously filed; incorporated by reference to the identically named exhibit filed with the Registration Statement on Form F-1 (File No. 333-227198) filed with the Securities and Exchange Commission on September 5, 2018.

UNDERWRITING AGREEMENT

[_____], 2018

Boustead Securities, LLC
6 Venture, Suite 265
Irvine, CA 92618
Attn: Keith Moore, Chief Executive Officer
Attn: Daniel J. McClory, Managing Director

China Renaissance Securities (Hong Kong) Limited
Units 8107-08, International Commerce Centre
No.1 Austin Road West, Kowloon
Hong Kong
Attn: Joe Lai, Managing Director, Head of Hong Kong Healthcare IBD

AMTD Global Markets Limited
23/F – 25/F Nexxus Building
41 Connaught Road Central
Hong Kong
Attn: Ming Lin Cheung

Ladies and Gentlemen:

Introduction. This underwriting agreement (this "**Agreement**") constitutes the agreement between Aptorum Group Limited, a Cayman Islands exempted company (collectively with its subsidiaries and affiliates, including, without limitation, all entities disclosed or described in the Registration Statement (as hereafter defined) as being subsidiaries or affiliates of the Company, the "**Company**"), on the one hand, and the several underwriters named in Schedule A hereto (the "**Underwriters**"), on the other hand, pursuant to which the Underwriters shall serve as the co-underwriters for the Company in connection with the proposed offering (the "**Offering**") by the Company of its Shares (as defined below).

The Underwriters will act on a reasonable "best efforts/all or none" basis for the minimum offering amount of $10,000,000 (the "**Minimum Subscription Amount**") and thereafter on a "best efforts" basis up to a maximum offering amount of $30,000,000 (the "**Maximum Subscription Amount**") of the Company's Class A ordinary shares, par value $1.00 per share (the "**Shares**"), to various investors (each an "**Investor**" and collectively, the "**Investors**") at a purchase price of $15.80 per Share (the "**Purchase Price**"). The Shares and the Underwriters' Warrant (as defined in Schedule B hereto) are herein collectively called the "**Securities**." The Company agrees and acknowledges that there is no guarantee of the successful sale of the Shares, or any portion thereof, in the prospective Offering.

The Company hereby confirms its agreement with the Underwriters as follows:

Section 1. Agreement to Act as Underwriters.

(a) On the basis of the representations, warranties and agreements of the Company herein contained, and subject to all the terms and conditions of this Agreement, the Underwriters shall be the exclusive Underwriters in connection with the Offering, which shall be undertaken pursuant to the Company's Registration Statement (as defined below), with the terms of such Offering to be subject to market conditions and negotiations between the Company and Boustead Securities, LLC, as representative of the Underwriters (the "**Representative**"). The Underwriters will act on a best efforts basis and the Company agrees and acknowledges that there is no guarantee of the successful sale of the Shares, or any portion thereof, in the prospective Offering. The Underwriters' appointment shall commence upon the date of the execution of this Agreement, and shall continue for a period of (such period, including any extension thereof as hereinafter provided, being herein called the "**Offering Period**") of 180 calendar days from the effective date (the "**Effective Date**") of the Registration Statement (and for a period of up to 45 additional days if extended by agreement of the Company and the Underwriters), unless all of the Shares have previously been subscribed for. The Offering will terminate and all amounts paid by Investors to purchase Shares will be promptly returned to them without charge, deduction or interest as provided in the Prospectus and the Escrow Agreement (as defined below) (i) if subscriptions for at least $10,000,000 have not been received within the Offering Period, (ii) at any time by agreement of the Company and the Underwriters or (iii) this Agreement shall be terminated as provided herein. Under no circumstances will the Underwriters or any of their respective "Affiliates" (as defined below) be obligated to financially underwrite or purchase any of the Shares for their own accounts or otherwise provide any financing. The Underwriters shall act solely as the Company's agents and not as principals. The Underwriters shall have no authority to bind the Company with respect to any prospective offer to purchase the Shares and the Company shall have the sole right to accept offers to purchase the Shares and may reject any such offer, in whole or in part. Subject to the Company's written consent, which consent shall not be unreasonably withheld, conditioned, or delayed, the Representative may (i) create a selling syndicate of additional underwriters for the Offering comprised of broker-dealers who are members of the Financial Industry Regulatory Authority, Inc. ("**FINRA**") or a non-U.S. bank, broker, dealer or other institution not required to register for membership with FINRA, not subject to disqualification under Article III, Section 4 of FINRA's Bylaws, and not required to be registered under the Securities Exchange Act of 1934, as amended (a "non-member non-U.S. dealer") and/or (ii) rely on such soliciting dealers who are FINRA members to participate in placing a portion of the Offering or a non-member non-U.S. dealer who is, and will remain at all relevant times, an appropriately registered or licensed broker or dealer (to the extent required) in its home jurisdiction and in any non-U.S. jurisdiction in which it engages in activities in connection with the Offering. The Underwriters may also retain other brokers or dealers to act as sub-agents or selected dealers on their behalf in connection with the Offering. Subject to the terms and conditions hereof, release of the purchase price for, and delivery of, the Shares shall be made at one or more closings (each, a "**Closing**" and the date on which a Closing occurs, a "**Closing Date**"), as the case may be, provided, however that the first Closing (the "**Initial Closing**") may not be for Shares of less than the Minimum Subscription Amount. As compensation for services rendered, on a Closing Date, the Company shall pay to the Underwriters the fees including cash commissions and Underwriters' Warrants as set forth on Schedule B, in addition to the following expenses, which shall be paid whether or not the transactions contemplated by this Agreement and the Registration Statement are consummated or this Agreement is terminated:

i. all expenses in connection with the preparation, printing, formatting for EDGAR and filing of the Registration Statement, and any and all amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers;

ii. all fees and expenses in connection with filings with FINRA's Public Offering System;

iii. all fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Securities Act and the Offering;

iv. all fees and expenses in connection with listing the Shares on the Nasdaq Stock Market ("**NASDAQ**");

v. all reasonable travel expenses of the Company's officers, directors and employees and any other expense of the Company or the Underwriters incurred in connection with attending or hosting meetings with prospective purchasers of the Shares;

vi. any stock transfer taxes incurred in connection with this Agreement or the Offering;

vii. the cost and charges of any transfer agent or registrar for the Shares;

viii. Underwriters' counsel's fees up to $125,000 and third-party due diligence expenses up to $25,000. The Company has paid to the Underwriters an advance against accountable expenses in the amount of $50,000 of which any unused portion will be returned to Company to the extent not actually incurred.

In the event that this Agreement is terminated pursuant to Section 9 hereof, the Company will pay all documented out-of-pocket and unreimbursed expenses of the Underwriters (including but not limited to fees and disbursements of Underwriters' counsel, expenses associated with a due diligence report and reasonable travel specified in Sections 1(a)(v) and (viii)) incurred in connection herewith which shall be limited to expenses which are actually incurred as allowed under FINRA Rule 5110 and in any event, the aggregate amount of such expenses to be paid or reimbursed by the Company directly or indirectly to or on behalf of the Underwriter shall not exceed $275,000.

Delivery of the Underwriters' Warrants shall be made on a Closing Date and shall be issued in the name or names and in such authorized denominations as the Representative may request.

(b) Exclusivity. The term of the Underwriters' exclusive engagement will be until the later of (i) final Closing of the Offering in accordance with the Registration Statement (the "**Exclusive Term**") and (ii) the termination of the engagement agreement by and between the Company and the Representative dated August 24, 2017, as amended by that certain Amendment No. 1 dated May 11, 2018. Notwithstanding anything to the contrary contained herein, the provisions concerning confidentiality, indemnification and contribution contained herein will survive any expiration or termination of this Agreement, and the Company's obligation to pay fees actually earned and payable and to reimburse expenses actually incurred and reimbursable pursuant to Section 1 hereof and which are permitted to be reimbursed under FINRA Rule 5110(f)(2)(D), will survive any expiration or termination of this Agreement. Nothing in this Agreement shall be construed to limit the ability of the Underwriters or their respective Affiliates to pursue, investigate, analyze, invest in, or engage in investment banking, financial advisory or any other business relationship with Persons (as defined below) other than the Company. As used herein (i) "**Persons**" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind and (ii) "**Affiliate**" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 405 under the Securities Act of 1933, as amended (the "**Securities Act**"). If during the Exclusive Term, or within six (6) months after the date of termination or expiration of this Agreement, no Closing has occurred, the Company sells securities to investors who become aware of or become known to the Company prior to such termination or expiration, then the Company shall pay to the Representative, at the time of each such sale, the compensation, including the warrants, set forth in Schedule B, with respect to any such sale.

Section 2. Representations, Warranties and Covenants of the Company. The Company hereby represents, warrants and covenants to the Underwriters, as of the date hereof, and as of the Closing Date, except as set out in the Registration Statement as follows:

(a) Securities Law Filings. The Company has filed with the Securities and Exchange Commission (the "**Commission**") a registration statement on Form F-1 (Registration File No. 333-227198) under the Securities Act and the rules and regulations (the "**Rules and Regulations**") of the Commission promulgated thereunder. At the time of the Effective Date, the Registration Statement and amendments will materially meet the requirements of Form F-1 under the Securities Act. The Company will file with the Commission pursuant to Rules 430A and 424(b) under the Securities Act, a final prospectus included in such registration statement relating to the Offering and the underwriting thereof and has advised the Underwriters of all further information (financial and other) with respect to the Company required to be set forth therein. Such registration statement, including the exhibits thereto, as amended at the date of this Agreement, is hereinafter called the "**Registration Statement**"; such prospectus in the form in which it appears in the Registration Statement as amended at the date of this Agreement is hereinafter called the "**Prospectus**." All references in this Agreement to financial statements and schedules and other information that is "contained," "included," "described," "referenced," "set forth" or "stated" in the Registration Statement or the Prospectus (and all other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information that is or is deemed to be incorporated by reference in the Registration Statement or the Prospectus, as the case may be. The Registration Statement has been declared effective by the Commission on the date hereof. The Company shall, prior to the Closing, file with the Commission a Form 8-A providing for the registration under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), of the Company's Class A ordinary shares.

(b) Assurances. The Registration Statement (and any further documents to be filed with the Commission) contains all exhibits and schedules as required by the Securities Act. Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, at all other subsequent times until the Closing and at the Closing Date, complied in all material respects with the Securities Act and the applicable Rules and Regulations and did not and, as amended or supplemented, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (provided, however, that the preceding representations and warranties contained in this sentence shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Underwriters expressly for use therein (the "**Underwriters Information**")). The Prospectus, as of its date, complies in all material respects with the Securities Act and the applicable Rules and Regulations. As of its date, the Prospectus did not and will not contain as of the date thereof any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading (provided, however, that the preceding representations and warranties contained in this sentence shall not apply to any Underwriters Information). All post-effective amendments to the Registration Statement reflecting facts or events arising after the date thereof which represent, individually or in the aggregate, a fundamental change in the information set forth therein have been so filed with the Commission. There are no documents required to be filed with the Commission in connection with the transaction contemplated hereby that (x) have not been filed as required pursuant to the Securities Act or (y) will not be filed within the requisite time period. There are no contracts or other documents required to be described in the Prospectus or filed as exhibits or schedules to the Registration Statement that have not been described or filed as required. The Company is eligible to use free writing prospectuses in connection with the Offering pursuant to Rules 164 and 433 under the Securities Act. Any free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act and the applicable Rules and Regulations. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or that was prepared by or behalf of or used by the Company complies or will comply in all material respects with the requirements of the Securities Act and the applicable Rules and Regulations. The Company will not, without the prior consent of the Representative, prepare, use or refer to, any free writing prospectus.

(c) Offering Materials. The Company has delivered, or will as promptly as practicable deliver, to the Underwriters complete conformed copies of the Registration Statement and of each consent and certificate of experts, as applicable, filed as a part thereof, and conformed copies of the Registration Statement (without exhibits) and the Prospectus, as amended or supplemented, in such quantities and at such places as the Underwriters reasonably request. Neither the Company nor any of its directors and officers have distributed and none of them will distribute, prior to the Closing Date, any offering material in connection with the offering and sale of the Shares other than the Prospectus, the Registration Statement, and any other materials permitted by the Securities Act (collectively, the "**Offering Materials**").

(d) Subsidiaries. All of the direct and indirect subsidiaries of the Company (the "**Subsidiaries**") are described in the Registration Statement to the extent necessary. Except as disclosed in the Registration Statement, and the Prospectus, the Company owns, directly or indirectly, all of its capital stock or other equity interests of each Subsidiary free and clear of any liens, charges, security interests, encumbrances, rights of first refusal, preemptive rights or other restrictions (collectively, "**Liens**"), and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities.

(e) Organization and Qualification. The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing (where applicable) under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation or default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of this Agreement or any other agreement entered into between the Company and the Investors ("**Transaction Documents**"), (ii) a material adverse effect on the results of operations, assets, business, prospects (as such prospects are described in the Prospectus) or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under this Agreement or the Offering (any of (i), (ii) or (iii), a "**Material Adverse Effect**") and to the best knowledge of the Company, no action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened ("**Proceeding**") has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(f) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and the Offering and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement by the Company and each of the other Transaction Documents and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Company's Board of Directors (the "**Board of Directors**") or the Company's shareholders in connection therewith other than in connection with the Required Approvals (as defined below). This Agreement each other Transaction Document to which it is a party has been duly executed by the Company and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(g) No Conflicts. The execution, delivery and performance by the Company of this Agreement, the other Transaction Documents to which it is a party and the transactions contemplated hereby do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such conflict, default or violation could not reasonably be expected to result in a Material Adverse Effect.

(h) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of this Agreement, the other Transaction Documents to which it is a party and the transactions contemplated hereby, other than: (i) the filing with the Commission of the final Prospectus as required by Rule 424 under the Securities Act, (ii) application to the Nasdaq (the "**Trading Market**"), for the listing of the Shares for trading thereon in the time and manner required thereby and (iii) such filings as are required to be made under applicable state securities laws (collectively, the "**Required Approvals**").

(i) Issuance of the Securities; Registration. The Securities are duly authorized and, when issued and paid for in accordance with this Agreement, the other Transaction Documents to which it is a party, and the terms of the Offering as described in the Prospectus, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company. The Company has sufficient authorized ordinary shares for the issuance of the maximum number of Securities issuable pursuant to the Offering as described in the Prospectus.

(j) Capitalization. The capitalization of the Company as of the date hereof is as set forth in the Registration Statement, and the Prospectus. The Company has not issued any ordinary shares since July 1, 2018, other than pursuant to the Company's equity incentive plans, the issuance of Shares to employees, directors or consultants pursuant to the Company's equity incentive plans and pursuant to the conversion and/or exercise of any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire Shares at any time, including, without limitation, any debt, preferred shares, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Shares ("**Ordinary Share Equivalents**") and is outstanding as of July 1, 2018. Except as contemplated herein, no Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Offering Materials. Except as a result of the purchase and sale of the Shares or as disclosed in the Registration Statement, and the Prospectus, there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any Shares or the capital stock of any Subsidiary, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional Shares or Ordinary Share Equivalents or capital stock of any Subsidiary. Except as disclosed in the Registration Statement, and the Prospectus, the issuance and sale of the Shares will not obligate the Company or any Subsidiary to issue Shares or other securities to any Person (other than the Underwriters) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. Except as disclosed in the Registration Statement, and the Prospectus, there are no securities of the Company or any Subsidiary that have any anti-dilution or similar adjustment rights (other than adjustments for stock splits, recapitalizations, and the like) to the exercise or conversion price, have any exchange rights, or reset rights. Except as set forth in the Registration Statement, and the Prospectus, there are no outstanding securities or instruments of the Company or any Subsidiary that contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to redeem a security of the Company or such Subsidiary. The Company does not have any share appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement. All of the outstanding Shares of the Company are duly authorized, validly issued, fully paid and nonassessable, have been issued in compliance in all material respects with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any shareholder, the Board of Directors or others is required for the issuance and sale of the Securities. Except for the Second Amended and Restated Memorandum and Articles of Association of the Company, there are no shareholders agreements, voting agreements or other similar agreements with respect to the Company's ordinary shares or other ordinary shares to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's shareholders.

(k) Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the Registration Statement, except as specifically disclosed in the Registration Statement and the Prospectus, (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to United States generally accepted accounting principles ("**GAAP**") or disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its shareholders or purchased, redeemed or made any agreements to purchase or redeem any ordinary shares of the Company and (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans, if any. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Shares contemplated by the Prospectus or disclosed in the Registration Statement or the Prospectus, no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or its Subsidiaries or their respective business, prospects (as such prospects are described in the Prospectus), properties, operations, assets or financial condition that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least one trading day prior to the date that this representation is made.

(l) Litigation. Except for such matter disclosed in the Offering Materials, there is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "**Action**") which (i) adversely affects or challenges the legality, validity or enforceability of this Agreement or any of the Transaction Documents and the Offering or the Shares, or (ii) could, if there were an unfavorable decision, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any Subsidiary, nor any director or officer thereof, is or has within the last 10 years been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company.

(m) Labor Relations. No material labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company, which could reasonably be expected to result in a Material Adverse Effect. None of the Company's or its Subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that their relationships with their employees are good. No executive officer, to the knowledge of the Company, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(n) Compliance. Except as set forth in the Offering Materials, neither the Company nor any Subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or governmental body or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not reasonably be expected to result in a Material Adverse Effect.

(o) Regulatory Permits. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as described in the Prospectus, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("**Material Permits**"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(p) Title to Assets. The Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens, except for Liens disclosed in the Prospectus, Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and Liens for the payment of federal, state or other taxes, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiaries are in compliance.

(q) Patents and Trademarks. The Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights necessary or required for use in connection with their respective businesses as described in the Offering Materials (collectively, the "**Intellectual Property Rights**") except to the extent such failure to have, or have rights to use, such Intellectual Property Rights would not result in a Material Adverse Effect. None of, and neither the Company nor any Subsidiary has received a notice (written or otherwise) that any of, the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or be abandoned, within two years from the date of this Agreement, except where such action would not reasonably be expected to have a Material Adverse Effect. Except as disclosed in the Offering Materials, neither the Company nor any Subsidiary has received, since the date of the latest audited financial statements included within the Offering Materials, a written notice of a claim or otherwise has any knowledge that the Intellectual Property Rights violate or infringe upon the rights of any Person, except as would not have or reasonably be expected to not have a Material Adverse Effect. To the knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. The Company and its Subsidiaries have taken commercially reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where failure to do so would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has no knowledge that it lacks or will be unable to obtain any rights or licenses to use all Intellectual Property Rights that are necessary to conduct its business as it is presently conducted.

(r) Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(s) Transactions With Affiliates and Employees. Except as set forth in the Offering Materials, none of the officers or directors of the Company and, to the knowledge of the Company, none of the employees of the Company are presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner, in each case in excess of $120,000 other than for (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option agreements under any stock option plan of the Company.

(t) Sarbanes-Oxley; Internal Accounting Controls. Except as set forth in the Offering Materials, the Company and the Subsidiaries are in compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective and applicable to the Company or the Subsidiaries as of the date hereof, and any and all applicable rules and regulations promulgated by the Commission thereunder that are effective as of the date hereof and as of the Closing Date. Except as set forth in the Offering Materials, the Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company and the Subsidiaries have established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and the Subsidiaries and designed such disclosure controls and procedures to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms.

(u) Certain Fees, FINRA Affiliation. Except as set forth herein and in the Offering Materials, or in a separate agreement regarding the Offering with a soliciting dealer in the sole discretion of the Underwriters, no brokerage or finder's fees or commissions are or will be payable by the Company or any Subsidiary to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents. Except as set forth in the Offering Materials, to the Company's knowledge, there are no other arrangements, agreements or understandings of the Company or, to the Company's knowledge, any of its shareholders that may affect the Underwriters' compensation, as determined by FINRA. Except for payments to the Company's outside law firm, a partner of which is associated with a FINRA member, as compensation for routine legal services and not as a commission or finder's fee and the commissions paid to the placement agent in connection with the private placement of the Series A Notes and the Bond Offering as defined in the Prospectus, the Company has not made any direct or indirect payments (in cash, securities or otherwise) to (i) any person, as a finder's fee, investing fee or otherwise, in consideration of such person raising capital for the Company or introducing to the Company persons who provided capital to the Company, (ii) any FINRA member, or (iii) any person or entity that has any direct or indirect affiliation or association with any FINRA member within the 12-month period prior to the date on which the Registration Statement was filed with the Commission (the "**Filing Date**") or thereafter. To the Company's knowledge, no (i) officer or director of the Company or its subsidiaries, (ii) owner of 5% or more of the Company's unregistered securities or that of its subsidiaries or (iii) owner of any amount of the Company's unregistered securities acquired within the 180-day period prior to the Filing Date, has any direct or indirect affiliation or association with any FINRA member. The Company will advise the Representative and its counsel if it has knowledge that any officer, director or shareholder of the Company or its Subsidiaries is or becomes an Affiliate of a FINRA member participating in the Offering.

(v) Investment Company. Except as contemplated in the Registration Statement, and Prospectus, the Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Shares, will not be, or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(w) Registration Rights. Except as set forth in the Registration Statement or the Prospectus, no Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company.

(x) Registration. The Company shall use commercially reasonable efforts to maintain the effectiveness of the Registration Statement and a current Prospectus relating thereto for as long as the Shares and the Underwriters' Warrants remain outstanding.

(y) Solvency. Based on the consolidated financial condition of the Company as of the Closing Date, after giving effect to the receipt by the Company of the proceeds from the sale of the Shares hereunder, the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, are sufficient to pay all amounts on or in respect of its liabilities when such amounts are required to be paid. The Company does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). Except as set forth in the Registration Statement and the Prospectus, the Company as of the Closing Date has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from the Closing Date. The Registration Statement and the Prospectus set forth as of the date hereof all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Agreement, "**Indebtedness**" means (x) any liabilities for borrowed money or amounts owed in excess of $200,000 (other than trade accounts payable incurred in the ordinary course of business), (y) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's consolidated balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any lease payments in excess of $50,000 due under leases required to be capitalized in accordance with GAAP. Except as set forth in the Registration Statement and the Prospectus, neither the Company nor any Subsidiary is in default with respect to any Indebtedness.

(aa) Tax Status. Except for matters that would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, the Company and each Subsidiary (i) has made or filed all income and franchise tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, and (iii) has set aside on its books provision reasonably adequate for the payment of all material taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company or of any Subsidiary know of no basis for any such claim.

(bb) Accountants. Marcum Bernstein & Pinchuk LLP ("**Marcum B&P**") is the Company's independent registered public accounting firm. To the knowledge and belief of the Company, such accounting firm (i) is a registered public accounting firm as required by the Exchange Act and (ii) has expressed its opinion with respect to the financial statements of the Company for the years ended December 31, 2017 and 2016.

(cc) Office of Foreign Assets Control. Neither the Company nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**").

(dd) Company Not Ineligible Issuer. (i) At the time of filing the Registration Statement and (ii) as of the date of the execution and delivery of this Agreement (with such date being used as the determination date for purposes of this clause (ii)), the Company met all the requirements set forth in General Instruction II of Form F-1.

(ee) Bank Holding Company Act. Neither the Company nor any of its Subsidiaries is subject to the Bank Holding Company Act of 1956, as amended (the "**BHCA**") and to regulation by the Board of Governors of the Federal Reserve System (the "**Federal Reserve**"). Neither the Company nor any of its Subsidiaries owns or controls, directly or indirectly, five percent or more of the outstanding shares of any class of voting securities or 25 percent or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(gg) Certificates. Any certificate signed by an officer of the Company and delivered to the Representative or to counsel for the Representative shall be deemed to be a representation and warranty by the Company to the Underwriters as to the matters set forth therein.

(hh) Reliance. The Company acknowledges that the Underwriters will rely upon the accuracy and truthfulness of the foregoing representations and warranties and hereby consents to such reliance.

(ii) Forward-Looking Statements. No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in either the Registration Statement or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(jj) Statistical or Market-Related Data. Any statistical, industry-related and market-related data included or incorporated by reference in the Registration Statement or the Prospectus, are based on or derived from sources that the Company reasonably and in good faith believes to be reliable and accurate, and such data agree with the sources from which they are derived.

(kk) Listing and Maintenance Requirements. The Shares are registered pursuant to Section 12(b) or 12(g) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Shares under the Exchange Act nor has the Company received any notification that the Commission is contemplating terminating such registration. Except as disclosed in the Offering Materials, the Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements. The Shares are currently eligible for electronic transfer through the Depository Trust Company or another established clearing corporation and the Company is current in payment of the fees to the Depository Trust Company (or such other established clearing corporation) in connection with such electronic transfer. The issuance and sale of the Shares hereunder does not contravene the rules and regulations of NASDAQ.

(ll) Foreign Corrupt Practices. Neither the Company, nor to the knowledge of the Company, any agent or other person acting on behalf of the Company, has (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of applicable law, or (iv) violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, as amended.

(mm) Regulation M Compliance. The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Shares, (ii) sold, bid for, purchased, or, paid any compensation for soliciting purchases of, any of the Shares, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company, other than, in the case of clauses (ii) and (iii), compensation paid to the Underwriters in connection with the Offering or as set forth in the Offering Materials.

(nn) U.S. Real Property Holding Corporation. The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon the Underwriters' request.

(oo) Money Laundering. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "**Money Laundering Laws**"), and no Action or Proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any Subsidiary, threatened.

Section 3. Delivery and Payment.

(a) Closing. The Closing shall occur at the office of the Underwriters' counsel, Pryor Cashman LLP, located at 7 Times Square, New York, NY 10036 (or at such other place as shall be agreed upon by the Underwriters and the Company) and may also be conducted electronically via the remote exchange of Closing documentation. Subject to the terms and conditions hereof, and except as may otherwise be agreed or arranged between the parties, at the Closing payment of the purchase price for the Shares sold on the Closing Date shall be made by federal funds wire transfer from the escrow account, against delivery of such Shares, and such Shares shall be registered in such name or names and shall be in such denominations, as provided by the FinTech Clearing, LLC, the offering deposit account agent (the "**Escrow Agent**") at least one business day prior to the Closing. All actions taken at the Closing shall be deemed to have occurred simultaneously.

(b) Payment for the Shares. The Shares are being sold to the Investors at an aggregate initial public offering price per Share as set forth in the Prospectus. The purchase of Shares by each of the Investors shall be evidenced by the execution of a subscription agreement by each such Investor and the Company. Investors shall pay for their Shares by wire for the full purchase price of the Shares, payable to the Escrow Agent. In compliance with Rule 15c2-4 under the Exchange Act, the Company and the Underwriters will instruct Investors to deliver all cash in the form of wire or ACH transfers to the Escrow Agent. Upon the Escrow Agent's receipt of such monies, they shall be credited to the offering deposit account. Pursuant to an offering deposit account agency agreement among the Company, the Underwriters and the Escrow Agent, the funds received in payment for Shares purchased in the Offering will be wired to a non-interest bearing offering deposit account at the Escrow Agent and held until the Escrow Agent determines that the amount in the offering deposit account is equal to at least the Minimum Subscription Amount. Upon confirmation of receipt of the Minimum Subscription Amount, the Escrow Agent will release the funds in accordance with the written instructions provided by the Company and the Underwriters, indicating the date on which the Shares purchased in the Offering are to be delivered to the Investors and the date the net proceeds are to be delivered to the Company. In the event that the Underwriters receive any payment from an Investor in connection with the purchase of any Shares by such Investor, such payment shall be promptly transmitted to and deposited into the Escrow Agent's account. Among other things, the Underwriters shall forward any wires so received by the Underwriters to the Escrow Agent by noon of the next business day. The Underwriters and the Company shall instruct Investors to make wire or ACH transfer payments to the Escrow Agent with the name and address of the Investor making payment. Payment by the Investors out of the escrow account for the Shares to be sold by the Company shall be made at the Closing Date to the Company in compliance with Rule 15c2-4 of the Commission.

(c) Delivery of Shares. Delivery of the Shares shall be made through the facilities of The Depository Trust Company unless the Underwriters shall otherwise instruct.

Section 4. Covenants and Agreements of the Company. The Company further covenants and agrees with the Underwriters as follows:

(a) Registration Statement Matters. The Registration Statement and any amendments thereto have been declared effective, and if Rule 430A is used or the filing of the Prospectus is otherwise required under Rule 424(b), the Company will file the Prospectus (properly completed if Rule 430A has been used) pursuant to Rule 424(b) within the prescribed time period and will provide evidence satisfactory to the Underwriters of such timely filing. The Company will advise the Underwriters promptly after they receive notice thereof of the time when any amendment to the Registration Statement has been filed or becomes effective or any supplement or amendment to the Prospectus has been filed and will furnish the Underwriters with copies thereof. The Company will file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus is required in connection with the Offering. The Company will advise the Underwriters, promptly after it receives notice thereof (i) of any request by the Commission to amend the Registration Statement or to amend or supplement the Prospectus or for additional information, and (ii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto or any order preventing or suspending the use of the Prospectus or any amendment or supplement thereto or any post-effective amendment to the Registration Statement, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the institution or threatened institution of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information. The Company shall use its commercially reasonable efforts to prevent the issuance of any such stop order or prevention or suspension of such use. If the Commission shall enter any such stop order or order or notice of prevention or suspension at any time, the Company will use its commercially reasonable efforts to obtain the lifting of such order at the earliest possible moment, or will file a new registration statement and use its best efforts to have such new registration statement declared effective as soon as practicable. Additionally, the Company agrees that it shall comply with the provisions of Rules 424(b), 430A, 430B and 430C, as applicable, under the Securities Act, including with respect to the timely filing of documents thereunder, and will use its reasonable efforts to confirm that any filings made by the Company under such Rule 424(b) are received in a timely manner by the Commission.

(b) Blue Sky Compliance. The Company will cooperate with the Underwriters in endeavoring to qualify the Shares for sale under the securities laws of such jurisdictions (United States and foreign) as the Underwriters may reasonably request and will make such applications, file such documents, and furnish such information as may be reasonably required for that purpose, provided the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction where it is not now so qualified or required to file such a consent, and provided further that the Company shall not be required to produce any new disclosure document other than the Prospectus. The Company will, from time to time, prepare and file such statements, reports and other documents as are or may be required to continue such qualifications in effect for so long a period as the Underwriters may reasonably request for distribution of the Shares. The Company will advise the Underwriters promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Shares for offering, sale or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Company shall use its best efforts to obtain the withdrawal thereof at the earliest possible moment.

(c) Amendments and Supplements to the Prospectus and Other Matters. The Company will comply with the Securities Act and the Exchange Act, and the rules and regulations of the Commission thereunder, so as to permit the completion of the distribution of the Shares as contemplated in this Agreement and the Prospectus. If during the period in which a prospectus is required by law to be delivered in connection with the distribution of Shares contemplated by the Prospectus (the "**Prospectus Delivery Period**"), any event shall occur as a result of which, in the judgment of the Company or in the opinion of any of the Underwriters or counsel for any of the Underwriters, it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, as the case may be, not misleading, or if it is necessary at any time to amend or supplement the Prospectus to comply with any law, the Company will promptly prepare and file with the Commission, and furnish at its own expense to the Underwriters and to dealers, an appropriate amendment to the Registration Statement or supplement to the Registration Statement or the Prospectus that is necessary in order to make the statements in the Prospectus as so amended or supplemented, in the light of the circumstances under which they were made, as the case may be, not misleading, or so that the Registration Statement or the Prospectus, as so amended or supplemented, will comply with law. Before amending the Registration Statement or supplementing the Prospectus in connection with the Offering, the Company will furnish the Underwriters with a copy of such proposed amendment or supplement and will not file any such amendment or supplement to which the Underwriters reasonably object; the Underwriters, and its counsel shall have three (3) business days to review and return any comments to the Company.

(d) Copies of any Amendments and Supplements to the Prospectus. The Company will furnish the Underwriters, without charge, during the period beginning on the date hereof and ending on the Closing Date of the Offering, as many copies of the Prospectus and any amendments and supplements thereto as the Underwriters may reasonably request.

(e) Free Writing Prospectus. The Company covenants that it will not, unless it obtains the prior consent of the Underwriters, make any offer relating to the Shares that would constitute a Company Free Writing Prospectus or that would otherwise constitute a "free writing prospectus" (as defined in Rule 405 of the Securities Act) required to be filed by the Company with the Commission or retained by the Company under Rule 433 of the Securities Act. In the event that the Underwriters expressly consents in writing to any such free writing prospectus (a "**Permitted Free Writing Prospectus**"), the Company covenants that it shall (i) treat each Permitted Free Writing Prospectus as a Company Free Writing Prospectus, and (ii) comply with the requirements of Rule 164 and 433 of the Securities Act applicable to such Permitted Free Writing Prospectus, including in respect of timely filing with the Commission, legending and record keeping.

(f) Transfer Agent. The Company will maintain, at its expense, a registrar and transfer agent for its ordinary shares for so long as the ordinary shares are publicly-traded.

(g) Earnings Statement. As soon as practicable and in accordance with applicable requirements under the Securities Act, but in any event not later than 18 months after the last Closing Date, the Company will make generally available to its security holders and to the Underwriters an earnings statement, covering a period of at least 12 consecutive months beginning after the last Closing Date, that satisfies the provisions of Section 11(a) and Rule 158 under the Securities Act.

(h) Periodic Reporting Obligations. During the Prospectus Delivery Period, the Company will duly file, on a timely basis, with the Commission all reports and documents required to be filed under the Exchange Act within the time periods and in the manner required by the Exchange Act.

(i) Additional Documents. The Company will enter into any subscription, purchase or other customary agreements as the Underwriters deem necessary or appropriate to consummate the Offering, all of which will be in form and substance reasonably acceptable to the Company and the Underwriters. The Company agrees that the Underwriters may rely upon, and each is a third party beneficiary of, the representations and warranties set forth in any such purchase, subscription or other agreement with Investors in the Offering.

(j) No Manipulation of Price. The Company will not take, directly or indirectly, any action designed to cause or result in, or that has constituted or might reasonably be expected to constitute, the stabilization or manipulation of the price of any securities of the Company.

(k) Acknowledgment. The Company acknowledges that any advice given by any of the Underwriters to the Company is solely for the benefit and use of the Board of Directors of the Company and may not be used, reproduced, disseminated, quoted or referred to, without such Underwriters' prior written consent.

Section 5. Conditions of the Obligations of the Underwriters. The obligations of the Underwriters hereunder shall be subject to the accuracy of the representations and warranties on the part of the Company set forth in Section 2 hereof, in each case as of the date hereof and as of the Closing Date as though then made, to the timely performance by each of the Company of its covenants and other obligations hereunder on and as of such dates, and to each of the following additional conditions:

(a) Accountants' Comfort Letter. On the date hereof, the Underwriters shall have received, and the Company shall have caused to be delivered to the Underwriters, a letter from Marcum B&P addressed to the Underwriters, dated as of the date hereof, in form and substance satisfactory to the Underwriters. The letter shall not disclose any change in the condition (financial or other), earnings, operations, business or prospects of the Company from that set forth in the Prospectus, which, in the Underwriters' sole judgment, is material and adverse and that makes it, in the Underwriters' sole judgment, impracticable or inadvisable to proceed with the Offering of the Shares as contemplated by the Prospectus.

(b) Compliance with Registration Requirements; No Stop Order; No Objection from the FINRA. The Registration Statement shall have become effective and all necessary regulatory and listing approvals shall have been received not later than 5:30 P.M., New York City time, on the date of this Agreement, or at such later time and date as shall have been consented to in writing by the Underwriters. The Prospectus (in accordance with Rule 424(b)) and "free writing prospectus" (as defined in Rule 405 of the Securities Act), if any, shall have been duly filed with the Commission in a timely fashion in accordance with the terms thereof. At or prior to the Closing Date and the actual time of the Closing, no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; no order preventing or suspending the use of the Prospectus shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; no order having the effect of ceasing or suspending the distribution of the Shares or any other securities of the Company shall have been issued by any securities commission, securities regulatory authority or stock exchange and no proceedings for that purpose shall have been instituted or shall be pending or, to the knowledge of the Company, contemplated by any securities commission, securities regulatory authority or stock exchange; all requests for additional information on the part of the Commission shall have been complied with; and the FINRA shall have raised no objection to the fairness and reasonableness of the placement terms and arrangements.

(c) Corporate Proceedings. All corporate proceedings and other legal matters in connection with this Agreement, the Registration Statement and the Prospectus, and the registration, sale and delivery of the Shares, shall have been completed or resolved in a manner reasonably satisfactory to the Underwriters' counsel.

(d) No Material Adverse Effect. Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, in the Underwriters' sole judgment after consultation with the Company, there shall not have occurred any Material Adverse Effect.

(e) Opinion of Counsel for the Company. The Underwriters shall have received on the Closing Date the favorable opinion of Hunter Taubman Fischer & Li LLC, Company securities counsel, dated as of such Closing Date, including, without limitation, a customary negative assurance letter, addressed to the Underwriters in reasonable and customary form satisfactory to the Underwriters. The Underwriters shall rely on the opinion of the Company's Cayman Islands counsel, Campbells, filed as Exhibit 5.1 to the Registration Statement, as to the due incorporation, validity of the ordinary shares and due authorization, execution and delivery of the Agreement.

(f) Officers' Certificate. The Underwriters shall have received on the Closing Date a certificate of the Company, dated as of such Closing Date, signed by the Chief Executive Officer and Chief Financial Officer of the Company, to the effect that, and the Underwriters shall be satisfied that, the signers of such certificate have reviewed the Registration Statement and the Prospectus, and this Agreement and to the further effect that:

i. The representations and warranties of the Company in this Agreement are true and correct, as if made on and as of such Closing Date, and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to such Closing Date;

ii. No stop order suspending the effectiveness of the Registration Statement or the use of the Prospectus has been issued and no proceedings for that purpose have been instituted or are pending or, to the Company's knowledge, threatened under the Securities Act; no order having the effect of ceasing or suspending the distribution of the Shares or any other securities of the Company has been issued by any securities commission, securities regulatory authority or stock exchange in the United States and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, contemplated by any securities commission, securities regulatory authority or stock exchange in the United States;

iii. When the Registration Statement becomes effective, at the time of sale, and at all times subsequent thereto up to the delivery of such certificate, the Registration Statement, when it becomes effective, contained all material information required to be included therein by the Securities Act and the applicable rules and regulations of the Commission thereunder, as the case may be, and in all material respects conformed to the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder, as the case may be, and the Registration Statement, did not and does not include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided, however, that the preceding representations and warranties contained in this paragraph (iii) shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriters Information) and, since the effective date of the Registration Statement, there has occurred no event required by the Securities Act and the rules and regulations of the Commission thereunder to be set forth in the Registration Statement which has not been so set forth; and

iv. Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been: (a) any Material Adverse Effect; (b) any transaction that is material to the Company and the Subsidiaries taken as a whole, except transactions entered into in the ordinary course of business; (c) any obligation, direct or contingent, that is material to the Company and the Subsidiaries taken as a whole, incurred by the Company or any Subsidiary, except obligations incurred in the ordinary course of business; (d) any material change in the capital stock (except changes thereto resulting from the exercise of outstanding options or warrants or conversion of outstanding indebtedness into ordinary shares of the Company) or outstanding indebtedness of the Company or any Subsidiary (except for the conversion of such indebtedness into ordinary shares of the Company); (e) any dividend or distribution of any kind declared, paid or made on ordinary shares of the Company; or (f) any loss or damage (whether or not insured) to the property of the Company or any Subsidiary which has been sustained or will have been sustained which has a Material Adverse Effect.

(g) Secretary's Certificate. As of the Closing Date the Underwriters shall have received a certificate of the Company signed by the Secretary of the Company, dated the Closing Date, certifying: (i) that each of the Company's Second Amended and Restated Memorandum and Articles of Association attached to such certificate is true and complete, has not been modified and is in full force and effect; (ii) that each of the Subsidiaries Memorandum and Articles of Association or charter documents attached to such certificate is true and complete, has not been modified and is in full force and effect; (iii) that the resolutions of the Company's Board of Directors relating to the Offering attached to such certificate are in full force and effect and have not been modified; and (iv) the good standing of the Company and each of the Subsidiaries. The documents referred to in such certificate shall be attached to such certificate.

(h) Bring-down Comfort Letter. On the Closing Date, the Underwriters shall have received from Marcum B&P, or such other independent registered public accounting firm engaged by the Company at such time, a letter dated as of such Closing Date, in form and substance satisfactory to the Underwriters, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (a) of this Section 5, except that the specified date referred to therein for the carrying out of procedures shall be no more than three business days prior to such Closing Date.

(i) Additional Documents. On or before the Closing Date, the Underwriters and counsel for the Underwriters shall have received such customary information and documents as they may reasonably require for the purposes of enabling them to pass upon the issuance and sale of the Shares as contemplated herein, or in order to evidence the accuracy of any of the representations and warranties, or the satisfaction of any of the conditions or agreements, herein contained. If any condition specified in this Section 5 is not satisfied when and as required to be satisfied, this Agreement may be terminated by the Underwriters by notice to the Company at any time on or prior to the Closing Date, which termination shall be without liability on the part of any party to any other party, except that Section 6 (Payment of Expenses), Section 7 (Indemnification and Contribution) and Section 8 (Representations and Indemnities to Survive Delivery) shall at all times be effective and shall survive such termination.

(j) Subsequent to the execution and delivery of this Agreement or, if earlier, the dates as of which information is given in the Registration Statement (exclusive of any amendment thereof) and the Prospectus (exclusive of any supplement thereto), there shall not have been any change in the capital stock or long-term debt of the Company (other than as described in the Registration Statement or the Prospectus) or any change or development involving a change, whether or not arising from transactions in the ordinary course of business, in the business, condition (financial or otherwise), results of operations, shareholders' equity, properties or prospects of the Company, taken as a whole, including but not limited to the occurrence of any fire, flood, storm, explosion, accident, act of war or terrorism or other calamity, the effect of which, in any such case described above, is, in the sole reasonable judgment of the Underwriters, so material and adverse as to make it impracticable or inadvisable to proceed with the sale of Shares or Offering as contemplated hereby.

(k) Subsequent to the execution and delivery of this Agreement and up to a Closing Date, there shall not have occurred any of the following: (i) trading in securities generally on NASDAQ or any Trading Markets shall not have commenced, (ii) a banking moratorium shall have been declared by federal or state authorities or a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States, (ii) the United States shall have become engaged in hostilities in which it is not currently engaged, the subject of an act of terrorism, there shall have been an escalation in hostilities involving the United States, or there shall have been a declaration of a national emergency or war by the United States, or (iii) there shall have occurred any other calamity or crisis or any change in general economic, political or financial conditions in the United States or elsewhere, if the effect of any such event in clause (ii) or (iii) makes it, in the sole judgment of the Underwriters, impracticable or inadvisable to proceed with the sale or delivery of the Shares on the terms and in the manner contemplated by the Prospectus.

(l) The Underwriters shall have received a lock-up agreement from each Lock-Up Party set forth on Schedule D, duly executed by the applicable Lock-Up Party, in each case substantially in the form attached as Schedule E.

(m) No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date, prevent the issuance or sale of the Shares; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date, prevent the issuance or sale of the Shares or materially and adversely affect or potentially materially and adversely affect the business or operations of the Company.

(n) The Company and the Underwriters shall have entered into a deposit account agreement with the Escrow Agent (the "**Escrow Agreement**") pursuant to which the Investors shall deposit their subscription funds in an escrow account at the Escrow Agent and the Company and the Underwriters shall authorize the disbursement of the funds from such escrow account. All Investor wires delivered to the Escrow Agent shall be made payable to "FinTech Clearing as Agent for the Investors in Aptorum Group Limited." The Company shall pay the reasonable fees of the Escrow Agent.

(o) The Company will enter into a customary subscription agreement with Investors and will deliver any additional customary certificates or documents as the Underwriters deems necessary or appropriate to consummate the Offering, all of which will be in form and substance reasonably acceptable to the Underwriters. The Company agrees that the Underwriters may rely upon, and is a third-party beneficiary of, the representations and warranties and applicable covenants set forth in the purchase agreement with Investors.

If any of the conditions specified in this Section 5 shall not have been fulfilled when and as required by this Agreement, or if any of the certificates, opinions, written statements or letters furnished to the Underwriters or to Underwriters' counsel pursuant to this Section 5 shall not be reasonably satisfactory in form and substance to the Underwriters and to Underwriters' counsel, all obligations of the Underwriters hereunder may be cancelled by the Underwriters at, or at any time prior to, the consummation of the Offering. Notice of such cancellation shall be given to the Company in writing or orally. Any such oral notice shall be confirmed promptly thereafter in writing.

Section 6. Payment of Company Expenses. The Company agrees to pay all costs, fees and expenses incurred by the Company in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including, without limitation: (i) all expenses incident to the issuance, delivery and qualification of the Shares (including all printing and engraving costs); (ii) all fees and expenses of the registrar and transfer agent of the Shares; (iii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Shares; (iv) all fees and expenses of the Company's counsel, independent public or certified public accountants and other advisors; (v) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of the Registration Statement (including financial statements, exhibits, schedules, consents and certificates of experts), the Prospectus, and all amendments and supplements thereto, and this Agreement; (vi) all filing fees, reasonable attorneys' fees and expenses incurred by the Company or the Underwriters in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Shares for offer and sale under the state securities or blue sky laws or the securities laws of any other country, and, if reasonably requested by the Underwriters, preparing and printing a "Blue Sky Survey," an "International Blue Sky Survey" or other memorandum, and any supplements thereto, advising any of the Underwriters of such qualifications, registrations and exemptions; (vii) if applicable, the filing fees incident to the review and approval by the FINRA of the Underwriters' participation in the offering and distribution of the Shares; (viii) the fees and expenses associated with including the Shares on the Trading Market; and (ix) the costs and expenses described in Section 1(a) of this Agreement.

Section 7. Indemnification and Contribution. The Company agrees to indemnify the Underwriters in accordance with the provisions of Schedule A hereto, which is incorporated by reference herein and made a part hereof.

Section 8. Representations and Indemnities to Survive Delivery. The respective indemnities, agreements, representations, warranties and other statements of the Company or any person controlling the Company, of its officers, and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of the Underwriters, the Company, or any of its or their partners, officers or directors or any controlling person, as the case may be, and will survive delivery of and payment for the Shares sold hereunder and any termination of this Agreement. A successor to the Underwriters, or to the Company, its directors or officers or any person controlling the Company, shall be entitled to the benefits of the indemnity, contribution and reimbursement agreements contained in this Agreement.

Section 9. Termination.

(a) This Agreement shall become effective upon the later of: (i) receipt by the Underwriters and the Company of notification of the effectiveness of the Registration Statement or (ii) the execution of this Agreement. The Underwriters shall have the right to terminate this Agreement at any time upon 15 days written notice to the Company, or as practical as possible prior to the consummation of the Closing if: (i) any domestic or international event or act or occurrence has materially disrupted, or in the opinion of the Underwriters will in the immediate future materially disrupt, the market for the Company's securities or securities in general; or (ii) trading on NASDAQ has been rejected by NASDAQ or made subject to material limitations, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, on the NASDAQ or by order of the Commission, FINRA or any other governmental authority having jurisdiction; or (iii) a banking moratorium has been declared by any state or federal authority or any material disruption in commercial banking or securities settlement or clearance services has occurred; or (iv) (A) there has occurred any outbreak or escalation of hostilities or acts of terrorism involving the United States or there is a declaration of a national emergency or war by the United States or (B) there has been any other calamity or crisis or any change in political, financial or economic conditions, if the effect of any such event in (A) or (B), in the reasonable judgment of the Underwriters, is so material and adverse that such event makes it impracticable or inadvisable to proceed with the Offering, sale and delivery of the Shares on the terms and in the manner contemplated by the Prospectus.

(b) Any notice of termination pursuant to this Section 9 shall be in writing.

(c) If this Agreement shall be terminated pursuant to any of the provisions hereof, or if the sale of the Shares provided for herein is not consummated because any condition to the obligations of the Underwriters set forth herein is not satisfied or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof, the Company will, subject to demand by the Underwriters, reimburse the Underwriters for only those out-of-pocket expenses (including the reasonable fees and expenses of their counsel, and expenses associated with a due diligence report), actually incurred by the Underwriters in connection herewith as allowed under FINRA Rule 5110, less any amounts previously paid by the Company.

Section 10. Notices. All communications hereunder shall be in writing and shall be mailed, hand delivered, delivered by reputable overnight courier (i.e., Federal Express) or delivered by facsimile or e-mail transmission to the parties hereto as follows:

If to the Representative, then to:

Boustead Securities, LLC
as the Representative of the several Underwriters
6 Venture, Suite 265
Irvine, CA 92618
Attn: Keith Moore
Attn: Daniel J. McClory

With a copy (which shall not constitute notice) to:

Pryor Cashman LLP
7 Times Square
New York, NY 10036
Attention: Elizabeth F. Chen

If to the Company:

Aptorum Group Limited
Unit B, 17th Floor, Guangdong Investment Tower
148 Connaught Road Central Hong Kong
Telephone: +852 2117 6611
Facsimile: +852 2850 7286
Attention: Mr. Darren Lui
President, Chief Business Officer and Executive Director
Email: darren.lui@aptorumgroup.com

Attention: Mr. Sabrina Khan
Chief Financial Officer
Email: sabrina.khan@aptorumgroup.com

With a copy (which shall not constitute notice) to:

Hunter Taubman Fischer & Li LLC
1450 Broadway, 26th Fl.
New York, New York 10018
Telephone: +1 (212) 530-2207
Facsimile: +1(212) 202-6380
Attention: Louis E. Taubman, Esq.

Any party hereto may change the address for receipt of communications by giving written notice to the others.

Section 11. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto, and to the benefit of the employees, officers and directors and controlling persons referred to in Section 7 hereof, and to their respective successors, and personal Underwriters, and no other person will have any right or obligation hereunder.

Section 12. Partial Unenforceability. The invalidity or unenforceability of any section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other section, paragraph or provision hereof. If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

Section 13. Governing Law Provisions. This Agreement shall be deemed to have been made and delivered in New York and both this Agreement and the transactions contemplated hereby shall be governed as to validity, interpretation, construction, effect and in all other respects by the internal laws of the State of New York, without regard to the conflict of laws principles thereof. Each of the Underwriters and the Company: (i) agrees that any legal suit, action or proceeding arising out of or relating to this Agreement and/or the transactions contemplated hereby shall be instituted exclusively in New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York, (ii) waives any objection which it may now or hereafter have to the venue of any such suit, action or proceeding, and (iii) irrevocably consents to the jurisdiction of the New York Supreme Court, County of New York, and the United States District Court for the Southern District of New York in any such suit, action or proceeding. Each of the Underwriters and the Company further agrees to accept and acknowledge service of any and all process which may be served in any such suit, action or proceeding in the New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York and agrees that service of process upon the Company mailed by certified mail to the Company's address shall be deemed in every respect effective service of process upon the Company, in any such suit, action or proceeding, and service of process upon the Underwriters mailed by certified mail to the Underwriters' address shall be deemed in every respect effective service process upon the Underwriters, in any such suit, action or proceeding.

Section 14. General Provisions.

(a) This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. Notwithstanding anything to the contrary set forth herein, it is understood and agreed by the parties hereto that all other terms and conditions of that certain engagement letter between the Company and the Representative, dated August 24, 2017 and the amended engagement letter dated May 11, 2018, and that certain engagement letter between the Company and China Renaissance Securities (HK) Limited, dated May 11, 2018 shall remain in full force and effect. This Agreement may be executed in multiple counterparts, each one of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement may not be amended or modified unless in writing and signed by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. Section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

(b) The Company acknowledges that in connection with the Offering of the Shares: (i) the Underwriters has acted at arm's length, is not agents of, and owes no fiduciary duties to the Company or any other person, (ii) the Underwriters owes the Company only those duties and obligations set forth in this Agreement and (iii) the Underwriters may have interests that differ from those of the Company. The Company waives to the full extent permitted by applicable law any claims it may have against any of the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the Shares.

[*The remainder of this page has been intentionally left blank.*]

If the foregoing is in accordance with your understanding of our agreement, please sign below whereupon this instrument, along with all counterparts hereof, shall become a binding agreement in accordance with its terms.

Very truly yours,

Aptorum Group Limited

By: _____

Name: Ian Huen

Title: Chief Executive Officer

The foregoing Underwriting Agreement is hereby confirmed and agreed to of the date first above written.

BOUSTEAD SECURITIES, LLC

By: _____

Name: Keith Moore

Title: Chief Executive Officer

CHINA RENAISSANCE SECURITIES (HK) LIMITED

By: _____

Name: Joe Lai

Title: Managing Director, Head of Hong Kong Healthcare IBD

AMTD GLOBAL MARKETS LIMITED

By: _____

Name: Ming Lin Cheung

Title: Executive Director, Capital Markets & Advisory

Schedule A

List of Co-Underwriters

Boustead Securities, LLC ("Boustead")

China Renaissance Securities (HK) Limited ("China Renaissance")

AMTD Global Markets Limited

Schedule B

I. The allocation of fees between the Company, Boustead and China Renaissance on one hand and between Boustead and China Renaissance on the other are as follows, capitalized but not otherwise defined terms have the meaning ascribed to them in the amended engagement agreement by and between the Company and Boustead dated May 11, 2018:

(i) At the Pre-IPO offering with regard to the issuance of Series A Notes, Boustead shall be entitled to a Success Fee payable in cash equal to 4% of the gross proceeds to Aptorum of approximately US$1.1 million sourced by Aptorum, plus warrants to purchase such number of ordinary shares of the Company equal to 5.5% of the number of ordinary shares issuable upon conversion of the Series A Notes sold to investors, at an exercise price per share equal to the conversion price of the Series A Notes, which will represent a 56% discount to IPO price, for a period of 2.5 years from the date of issuance (for the purpose of this clause, the closing of the Series A Notes pre-IPO offering is deemed as the date of issuance). China Renaissance shall not be entitled to any Success Fee in connection with the issuance of Series A Notes.

(ii) At the Pre-IPO offering with regard to the issuance of the Convertible Bonds sold to Peace Range Limited, a wholly owned subsidiary of Adamas Ping An Opportunities Fund, Boustead shall be entitled to a Success Fee payable in cash equal to 4% of the gross proceeds to Aptorum of US$15 million, plus warrants to purchase such number of ordinary shares of the Company equal to 5.5% of the number of ordinary shares issuable upon conversion of the Convertible Bonds, at an exercise price per share equal to the conversion price of the Convertible Bonds (subject to signing of the relevant documents, the conversion price has been agreed to be at a 23% discount to IPO price) for a period of 2.5 years from the date of issuance (for the purpose of this clause, the closing of the Convertible Bonds pre-IPO offering is deemed as the date of issuance). China Renaissance shall be entitled to a Success Fee payable in cash equal to 1% of the gross proceeds to Aptorum in connection with the issuance of the Convertible Bonds pursuant to Clause (vi) below.

(iii) [Intentionally Omitted.]

(iv) At IPO, Boustead shall be entitled to a Success Fee payable in cash equal to 7% of the proceeds from IPO sourced by Aptorum provided that such proceeds do not exceed US$6.125 million, plus warrants to purchase such number of ordinary shares of the Company equal to 5% of the number of ordinary shares sold to investors sourced by Aptorum under this clause, at an exercise price per share equal to 120% of the IPO price for a period of 2.5 years from the date of issuance (for the purpose of this clause, the date the registration statement on Form F-1 is declared effective by the U.S. Securities and Exchange Commission, or the "F-1 Effective Date" is deemed as the date of issuance).

(v) At IPO, if the proceeds sourced by Aptorum from IPO exceed US$6.125 million, Boustead shall be entitled to a Success Fee payable in cash equal to 3% on proceeds (only the portion exceeding US$6.125 million) sourced by Aptorum, plus warrants to purchase such number of ordinary shares of the Company equal to 5% of the number of ordinary shares sold to investors sourced by Aptorum under this clause, at an exercise price per share equal to 120% of the IPO price for a period of 2.5 years from the date of issuance (for the purpose of this clause, the F-1 Effective Date is deemed as the date of issuance).

(vi) At the Pre-IPO offering with regard to the issuance of the Convertible Bonds sold to Peace Range Limited, a wholly owned subsidiary of Adamas Ping An Opportunities Fund, China Renaissance shall be entitled to a Success Fee payable in cash equal to 1% of the gross proceeds to the Company in connection with the issuance of the Convertible Bonds.

(vii) At Pre-IPO and IPO (except for any transaction set forth in (i), (ii) and (vi) above), China Renaissance shall be entitled to a Success Fee payable in cash up to 7% on proceeds from IPO sourced by China Renaissance, until China Renaissance is entitled to receive cash fees from all Pre-IPO and IPO financings equal to US$800,000 (the "CR Planned Commission Threshold").

(viii) At Pre-IPO and IPO, once the cash fees payable to China Renaissance exceed the CR Planned Commission Threshold, China Renaissance agrees to share such Success Fees (only the portion exceeding the CR Planned Commission Threshold) equal to 7% on proceeds sourced by China Renaissance from IPO with Boustead on a 60/40 basis in favor of China Renaissance.

In addition, for completeness, the Company agrees to grant Boustead warrants to purchase such number of ordinary shares of the Company equal to 5% of the number of ordinary shares sold to investors sourced by China Renaissance (on the portion exceeding the CR Planned Commission Threshold) under this clause multiplied by 40%, at an exercise price per share equal to 120% of the IPO price for a period of 2.5 years from the date of issuance.

Notwithstanding anything to the contrary as set forth in this Agreement, Boustead agrees to allow China Renaissance as joint Underwriter in the Pre-IPO and IPO financings to bring in any further investors to the Company and Boustead agrees not to charge the Company any additional Success Fees except for those stated herein above in Section (i) – (v), and herein below in Section (ix) – (x) or (xii) or in respect of the sharing arrangements herein above in Section (vii) - (viii).

(ix) At IPO, Boustead shall be entitled to a Success Fee payable in cash equal to 7% on proceeds from IPO sourced by Boustead, until Boustead is entitled to receive cash fees from all Pre-IPO and IPO financings equal to US$1.2 million (the "Boustead Planned Commission Threshold"), plus warrants to purchase such number of ordinary shares of the Company equal to 5% of the number of ordinary shares sold to investors sourced by Boustead under this clause, at an exercise price per share equal to 120% of the IPO price for a period of 2.5 years from the date of issuance (for the purpose of this clause, the F-1 Effective Date is deemed as the date of issuance).

(x) At IPO, once the cash fees payable to Boustead exceed the Boustead Planned Commission Threshold, a 7% Success Fee shall be payable in cash on proceeds from IPO sourced Boustead, where Boustead agrees to share such Success Fees (only the portion exceeding the Boustead Planned Commission Threshold) equal to 7% on proceeds from IPO sourced by Boustead with China Renaissance on a 60/40 basis in favor of Boustead (for the purpose of this clause, the F-1 Effective Date is deemed as the date of issuance), plus warrants to purchase number of ordinary shares of the Company equal to 5% of the number of the ordinary shares sold to investors sourced by Boustead (only the portion exceeding the Boustead Planned Commission Threshold) under this clause multiplied by 60%, at an exercise price per share equal to 120% of the IPO price for a period of 2.5 years from the date of issuance (for the purpose of this clause, the F-1 Effective Date is deemed as the date of issuance).

(xi) Any proposed increase in the total commissions running up to, during the Pre-IPO and at IPO must be pre-approved in writing by the Company. Any decrease in the total IPO commissions due to FINRA Rule 5110 review shall be borne proportionally by Boustead and China Renaissance.

(xii) In the event that the Company decides not to pursue an IPO and, instead, proposes to enter into a transaction through which part or all of the Company will be sold in any form or structure (including but not limited to selling part or all of the Company's assets or shareholding, or merging with another company) (a "Sale"), the Company hereby offers Boustead the right to participate in connection with such a Sale. The terms of any such engagement shall be set forth in a separate letter between Boustead and the Company containing usual and customary provisions. The fees and role of any such engagement shall be agreed at the time.

II. The warrants to be received by Boustead as set forth above are defined as the Underwriters' Warrants.

III. AMTD will be entitled to receive in the aggregate, three-sevenths of the cash underwriting commission based on the total amount sourced by AMTD during the IPO, subject to each tier and the max commission percentages listed below. The rest or four-sevenths of the cash underwriting commission from the total amount sourced by AMTD shall belong to Boustead until Boustead reaches the Boustead Planned Commission Threshold, in which case, there is a split with China Renaissance pursuant to Section I(x) herein.

IV. Despite the foregoing, the cash commission payable to the Underwriters under IPO shall be subject to the following caps on the different tranches of the funds raised in the IPO.

Funds Raised	**Amount**	**Cash Commission Cap Percentage**	**U.S. Dollar Amount Cap**
1st Tranche/Min	$10,000,000	7.00%	$ 700,000
2nd Tranche	Between $10,000,001 to $20,000,000	6.50%	$ 650,000
3rd Tranche	Between $20,000,0001 to $30,000,000	4.38%	$ 438,000
Max	$30,000,000	5.96%	$ 1,788,000

Schedule C

Indemnification

The Company hereby agrees to indemnify and hold the Underwriters, their respective officers, directors, principals, employees, affiliates, and shareholders, and their respective successors and assigns, harmless from and against any and all loss, claim, damage, liability, deficiencies, actions, suits, proceedings and costs (including, but not limited to, reasonable legal fees and other expenses and reasonable disbursements incurred in connection with investigating, preparing to defend or defending any action, suit or proceeding, including any inquiry or investigation, commenced or threatened, or any claim whatsoever, or in appearing or preparing for appearance as witness in any proceeding, including any pretrial proceeding such as a deposition) (collectively, "**Losses**") arising out of, based upon, or in any way related or attributed to, any breach of a representation, warranty or covenant by the Company contained in this Agreement. The Company will not, however, be responsible for any Losses that have resulted from the Underwriters Information or the gross negligence or willful misconduct of any individual or entity seeking indemnification or contribution hereunder.

If any of the Underwriters receives written notice of the commencement of any legal action, suit or proceeding with respect to which the Company is or may be obligated to provide indemnification pursuant to this Schedule C, the Underwriters shall within thirty (30) days of the receipt of such written notice, give the Company written notice thereof (a "**Claim Notice**"). Failure to give such Claim Notice within such thirty (30) day period shall not constitute a waiver by the Underwriters of their right to indemnity hereunder with respect to such action, suit or proceeding. Upon receipt by the Company of a Claim Notice from any of the Underwriters with respect to any claim for indemnification which is based upon a claim made by a third party ("**Third Party Claim**"), the Company may assume the defense of the Third Party Claim with counsel of its own choosing, as described below and such Underwriter shall cooperate in the defense of the Third Party Claim and shall furnish such records, information and testimony and attend all such conferences, discovery proceedings, hearings, trial and appeals as may be reasonably required in connection therewith. The Underwriters shall have the right to employ its own counsel in any such action, which shall be at the Company's expense if (i) the Company and the Underwriters shall have mutually agreed in writing to the retention of such counsel, (ii) the Company shall have failed in a timely manner to assume the defense and employ counsel or experts reasonably satisfactory to the Underwriters in such litigation or proceeding or (iii) the named parties to any such litigation or proceeding (including any impleaded parties) include the Company and the Underwriters and representation of the Company and the Underwriters by the same counsel or experts would, in the reasonable opinion of the Underwriters be inappropriate due to actual or potential differing interests between the Company and the Underwriters. The Company shall not satisfy or settle any Third Party Claim for which indemnification has been sought and is available hereunder, without the prior written consent of the Underwriters, which consent shall not be unreasonably withheld or delayed and which shall not be required if the Underwriters are granted a general release in connection therewith. The indemnification provisions hereunder shall survive the termination or expiration of this Agreement.

The Company further agrees, upon demand by the any of the Underwriters, to promptly reimburse the such Underwriters for, or pay, any reasonable fees, expenses or disbursements as to which the Underwriters have been indemnified herein with such reimbursement to be made currently as such fees, expenses or disbursements are incurred by the Underwriters. Notwithstanding the provisions of the aforementioned indemnification, any such reimbursement or payment by the Company of fees, expenses, or disbursements incurred by the Underwriters shall be repaid by the Underwriters, in the event of any proceeding in which a final judgment (after all appeals or the expiration of time to appeal) is entered in a court of competent jurisdiction against the Underwriters based solely upon its gross negligence or intentional misconduct in the performance of its duties hereunder, and provided further, that the Company shall not be required to make reimbursement or payment for any settlement effected without the Company's prior written consent (which consent shall not be unreasonably withheld or delayed).

If for any reason the foregoing indemnification is unavailable or is insufficient to hold the Underwriters harmless, the Company agrees to contribute the amount paid or payable by any Underwriters in such proportion as to reflect not only the relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, but also the relative fault of the Company and the Underwriters as well as any relevant equitable considerations. In no event shall the Underwriters contribute in excess of the fees actually received by it pursuant to the terms of this Agreement. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Agreement, each officer, director, shareholder, and employee or affiliate of the Underwriters and each person, if any, who controls the Underwriters (or any affiliate) within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, shall have the same rights as the Underwriters with respect to matters of indemnification by the Company hereunder.

Schedule D

Lock-up Party

Name and Address of Beneficial Owner	Beneficial Ownership Prior to the Offering*			
	Class A Ordinary Shares		*Class B Ordinary Shares*	
	Shares	**%**	**Shares**	**%**
Directors and Named Executive Officers				
Ian Huen[(1)]	2,094,908	38.61%	17,969,339	80.09%
Darren Lui[(2)]	522,148	9.62%	4,468,415	19.91%
Justin Wu[(3)]	205,256	3.78%	—	—
5% Beneficial Owner				
Jurchen Investment Corporation[(1)]	1,784,608	32.89%	16,061,469	71.58%
Sui Fong Isabel Huen Ng[(1)]	211,986	3.91%	1,907,870	8.50%
CGY Investments Limited[(2)]	471,809	8.69%	4,015,367	17.90%
Adamas Ping An Opportunities Fund L.P., through its wholly-owned special purpose vehicle, Peace Range Limited				

*The percentage of Class A Ordinary Shares beneficially owned prior to the Offering is based on 5,426,381 Class A Ordinary Shares outstanding. The percentage of Class B Ordinary Shares beneficially owned prior to the Offering is based on 22,437,754 Class B Ordinary Shares outstanding.

(1) Includes (i) 1,784,608 Class A Ordinary Shares and 16,061,469 Class B Ordinary Shares held by Jurchen Investment Corporation, a company wholly-owned by Mr. Huen. Mr. Huen maintains sole voting control over the shares held by Jurchen, the principal office address of which is at 17th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong; (ii) 211,986 Class A Ordinary Shares and 1,907,870 Class B Ordinary Shares held by Sui Fong Isabel Huen Ng, the mother of Mr. Ian Huen; and (iii) 98,314 Class A Ordinary Shares held by Huen Wing Sze Patricia, the sister of Mr. Huen. Due to close family relationship, we deem Mr. Huen controls and/or has substantial influence on the disposition rights and voting rights of the shares held by his mother and sister.

(2) Includes (i) 50,339 Class A Ordinary Shares and 453,048 Class B Ordinary Shares held by DSF Investment Holdings Limited, which is wholly-owned by Mr. Lui and located at Flat A2, 11th Floor, Wing Hang Insurance Building, 11 Wing Kut Street, Hong Kong and (ii) 471,809 Class A Ordinary Shares and 4,015,367 Class B Ordinary Shares held by CGY Investments Limited, which is 50% held by Seng Fun Yee, the spouse of Mr. Darren Lui, 25% held by Mandy Lui, a sister of Mr. Lui and 25% held by Adrian Lui, a brother of Mr. Lui. Due to close family relationship, we deem Mr. Lui controls and/or has substantial influence on the disposition rights and voting rights of the shares included herein.

(3) Includes (i) 128,285 Class A Ordinary Shares held by Chi Ling Lily Heung, the wife of Dr. Wu and (ii) 76,971 Class A Ordinary Shares held by Dr. Wu.

Schedule E

Form of Lock-up Agreement

[___], 2018

Boustead Securities, LLC
6 Venture, Suite 265
Irvine, CA 92618

Re: Proposed Public Offering by Aptorum Group Limited

Ladies and Gentlemen:

The undersigned, a stockholder, director or officer of Aptorum Group Limited, a Cayman Islands company (the "Company"), understands that Boustead Securities, LLC (the "Representative") will act as the representative of the underwriters, i.e., Boustead Securities, LLC, China Renaissance Securities (HK) Limited and AMTD Global Markets Limited (collectively, the "Underwriters") to carry out an offering (the "Offering") of the Company's ordinary shares (the "Securities"). In recognition of the benefit that the Offering will confer upon the undersigned, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with the Underwriters that, without the prior written consent of the Underwriters, during a period of six (6) months [1]from the date on which the trading of the Securities on the NASDAQ Stock Exchange commences (the "Lock-Up Period"), the undersigned will not, without the prior written consent of the Representative, directly or indirectly (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any securities of the Company (including the issuance of shares of Securities upon the exercise of options) (collectively, the "Lock-Up Securities"), whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition, or file, or cause to be filed, any registration statement under the Securities Act of 1933, as amended, with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Lock-Up Securities, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of the Lock-Up Securities or such other securities, in cash or otherwise.

Notwithstanding the foregoing, and subject to the conditions below, the undersigned may transfer the Lock-Up Securities without the prior written consent of the Underwriters as follows, provided that (1) the Underwriters receives a signed lock-up agreement for the balance of the Lock-Up Period from each donee, trustee or transferee, as the case may be, (2) any such transfer shall not involve a disposition for value, (3) such transfers are not required to be reported in any public report or filing with the Securities and Exchange Commission, or otherwise and (4) the undersigned does not otherwise voluntarily effect any public filing or report regarding such transfers:

(1) as a bona fide gift or gifts; or

(2) to any trust or other entity for the direct or indirect benefit of, or wholly-owned by, the undersigned or the immediate family of the undersigned (for purposes of this lock-up agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin); or

(3) by will, other testamentary document or intestate succession to the legal representative, heir, beneficiary or a member of the immediate family of the undersigned; or

(4) by operation of law pursuant to a qualified domestic order or in connection with a divorce settlement.; or

(5) pursuant to a trading plan established or to be established pursuant to Rule 10b5-1 of the Exchange Act prior to the commencement of the initial public offering.

Notwithstanding the foregoing, if:

(1) during the last 17 days of the Lock-Up Period, the Company issues an earnings release or material news or a material event relating to the Company occurs; or

[1] Such period shall be reduced to 90 days for the Bond holders.

(2) prior to the expiration of the Lock-Up Period, the Company announces that it will release earnings results or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the Lock-Up Period, the restrictions imposed by this lock-up agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event, as applicable, unless the Representative waives, in writing, such extension.

The undersigned hereby acknowledges and agrees that written notice of any extension of the Lock-Up Period pursuant to the previous paragraph will be delivered by the Representative to the Company and that any such notice properly delivered will be deemed to have been given to, and received by, the undersigned. The undersigned further agrees that, prior to engaging in any transaction or taking any other action that is subject to the terms of this lock-up agreement during the period from the date of this lock-up agreement to and including the 34th day following the expiration of the Lock-Up Period, it will give notice thereof to the Company and will not consummate such transaction or take any such action unless it has received written confirmation from the Company that the Lock-Up Period (as may have been extended pursuant to the previous paragraph) has expired.

The undersigned understands that, if the Offering shall terminate or be terminated prior to payment for and delivery of the Securities, the undersigned shall be released from all obligations set forth herein.

The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Lock-Up Securities except in compliance with the foregoing restrictions.

The undersigned, whether or not participating in the Offering, understands that the Underwriters are proceeding with the Offering in reliance upon this lock-up agreement.

This lock-up agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof.

[Signature page follows]

Very truly yours,

(Name - Please Print)

(Signature)

Exhibit A

Underwriters' Warrant Agreement

THE WARRANT AND WARRANT SHARES SHALL NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED, OR HYPOTHECATED, OR BE THE SUBJECT OF ANY HEDGING, SHORT SALE, DERIVATIVE, PUT, OR CALL TRANSACTION THAT WOULD RESULT IN THE EFFECTIVE ECONOMIC DISPOSITION OF THE SECURITIES BY ANY PERSON FOR A PERIOD OF 180 DAYS IMMEDIATELY FOLLOWING THE DATE THE WARRANTS WERE ISSUED, EXCEPT AS PROVIDED IN FINRA RULE 5110(G)(2).

THE WARRANT AND WARRANT SHARES MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32, LAWS OF HONG KONG), OR (II) TO "PROFESSIONAL INVESTORS" (AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571, LAWS OF HONG KONG)), OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32, LAWS OF HONG KONG) AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE SECURITIES MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO THE SECURITIES WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571, LAWS OF HONG KONG).

APTORUM GROUP LIMITED

WARRANT TO PURCHASE CLASS A ORDINARY SHARES

Warrant No.: _____

Date of Issuance: [ ][1], 2018 ("**Issuance Date**")

Aptorum Group Limited, a Cayman Islands company (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **Boustead Securities, LLC**, the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, upon exercise of this Warrant to Purchase Class A Ordinary Shares with par value USD$1.00 each (including any Warrants to purchase shares issued in exchange, transfer or replacement hereof, the "**Warrant**"), at any time or times on or after the date on which the IPO (as defined herein below) is consummated and of the commencement of trading on a U.S. national securities exchange of the Company's securities to be issued in such offering, to the extent permitted by the applicable SEC and FINRA rules, but not after 11:59 p.m., Eastern Time, on the Expiration Date (as defined below), **[number]**[2] (subject to adjustment as provided herein) fully paid and non-assessable shares of Class A Shares (the "**Warrant Shares**"). The Warrant Shares shall not be transferable (except for the transfer to the Holder's Affiliates) or otherwise disposed of until 180 days following the Issuance Date, except as may otherwise be permitted by FINRA Rule 5110. Except as otherwise defined herein, capitalized terms in this Warrant shall have the meanings set forth in Section 17. This Warrant is issued pursuant to that certain Engagement Agreement, dated as of August 24, 2017, and its amendment, dated as of May 11, 2018, by and between the Company and Boustead Securities, LLC and in connection with the initial public offering of the Company's Class A Shares contemplated by that certain Underwriting Agreement, dated as of [ ], 2018, by and between the Company and the Holder (the "**Underwriting Agreement**").

1 The issuance date shall be the date of the effective date of the registration statement on Form F-1 for the IPO.

2 Shall initially equal to five percent (5.0%) of the number of Class A Ordinary Shares issued to the investors sourced by the Company and/or sourced by the Holder at the IPO up to the Boustead Planned Commission Threshold, as defined in the Underwriting Agreement. In the event that at IPO, Boustead's cash fees exceed Boustead Planned Commission Threshold, the UW warrants for proceeds sourced by Boustead will be three percent (3.0%) of the number of Class A Ordinary Shares issued to the investors sourced by Boustead on the portion exceeding the Boustead Planned Commission Threshold. In addition, the Holder shall receive warrant shares equal to two percent (2%) of the shares issued to the investors sourced by China Renaissance Securities (Hong Kong) Limited on the portion exceeding the CR Planned Commission Threshold.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder on any day on or after the Issuance Date and of the commencement of trading on a U.S. national securities exchange of the Company's securities to be issued in such offering, to the extent permitted by the applicable SEC and FINRA rules, in whole or in part, by delivery (whether via facsimile or otherwise) of a written notice, in the form attached hereto as **Exhibit A** (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant, by submitting information including the then-applicable Exercise Price, number of Warrant Shares purchased equal to or lower than the then-applicable number of Warrant Shares and the 20-day average Closing Sale Price (collectively, the "**Exercise Information**"). Within one (1) Trading Day following an exercise of this Warrant as aforesaid, the Holder shall deliver payment to the Company of an amount equal to the Exercise Price in effect on the date of such exercise multiplied by the number of Warrant Shares as to which this Warrant was so exercised (the "**Aggregate Exercise Price**") in cash or via wire transfer of immediately available funds if, subject to the provisions of Section 1(d), the Holder has not notified the Company in such Exercise Notice that such exercise is made pursuant to a Cashless Exercise (as defined in Section 1(d)) at a time and under circumstances which permit a Cashless Exercise. The Holder shall not be required to deliver the original of this Warrant in order to effect an exercise hereunder. Execution and delivery of an Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original of this Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. Execution and delivery of an Exercise Notice for all of the then-remaining Warrant Shares shall have the same effect as cancellation of the original of this Warrant after delivery of the Warrant Shares in accordance with the terms hereof. On or before the second (2^{nd}) Trading Day following the date on which the Company has received an Exercise Notice, upon checking that the Exercise Information supplied by the Holder is accurate, the Company shall transmit by facsimile or email an acknowledgment of confirmation of receipt of such Exercise Notice, in the form attached hereto as **Exhibit B**, to the Holder and the Company's transfer agent (the "**Transfer Agent**"). On or before the third (3^{rd}) Trading Day following the date on which the Company has received such Exercise Notice and, in the event that the Holder has chosen to exercise in cash, the receipt of the payment of the Aggregate Exercise Price, the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program, upon the request of the Holder, credit such aggregate number of shares of Class A Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and mail to the Holder or, at the Holder's instruction pursuant to the Exercise Notice, the Holder's agent or designee, in each case, sent by reputable overnight courier to the address as specified in the applicable Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee (as indicated in the applicable Exercise Notice), for the number of shares of Class A Shares to which the Holder is entitled pursuant to such exercise. Upon delivery of an Exercise Notice and in the event that the Holder has chosen to exercise in cash, the Company's receipt of the payment of the Aggregate Exercise Price, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares (as the case may be). If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the total number of Warrant Shares represented by this Warrant is greater than the number of Warrant Shares being acquired by the Holder upon an exercise, then, at the request of the Holder, the Company shall as soon as practicable and in no event later than five (5) Business Days after any exercise and at its own expense, issue and deliver to the Holder (or its designee) a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional shares of Class A Shares are to be issued upon the exercise of this Warrant, but rather the number of shares of Class A Shares to be issued shall be rounded up to the nearest whole number. The Company will from time to time promptly pay all taxes and charges that may be imposed upon the Company in respect of the issuance or delivery of Class A Shares upon the exercise of this Warrant, but the Company shall not be obligated to pay any transfer taxes in respect of this Warrant or such shares.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means an exercise price at 120% of the actual price per Class A Share to be issued in an initial public offering where the Class A Shares of the Company are to be trading on a U.S. national stock exchange ("**IPO**"), subject to adjustment as provided herein.

(c) Company's Failure to Timely Deliver Securities. If the Company shall fail, for any reason or for no reason, to issue to the Holder within five (5) Trading Days after receipt of the applicable Exercise Notice, a certificate for the number of shares of Class A Shares to which the Holder is entitled and register such shares of Class A Shares on the Company's share register or to credit the Holder's balance account with DTC for such number of shares of Class A Shares to which the Holder is entitled upon the Holder's exercise of this Warrant (as the case may be), the Holder will have the right to rescind such exercise. In addition to any other rights available to the Holder, if the Company shall fail, for any reason or for no reason, to issue to the Holder within five (5) Trading Days after receipt of the applicable Exercise Notice, a certificate for the number of shares of Class A Shares to which the Holder is entitled and register such shares of Class A Shares on the Company's share register or to credit the Holder's balance account with DTC for such number of shares of Class A Shares to which the Holder is entitled upon the Holder's exercise of this Warrant (as the case may be) and if on or after such fifth (5^{th}) Trading Day the Holder (or any other Person in respect, or on behalf, of the Holder) purchases (in an open market transaction or otherwise) shares of Class A Shares to deliver in satisfaction of a sale by the Holder of all or any portion of the number of shares of Class A Shares, or a sale of a number of shares of Class A Shares equal to all or any portion of the number of shares of Class A Shares, issuable upon such exercise that the Holder so anticipated receiving from the Company, then, in addition to all other remedies available to the Holder, the Company shall, within three (3) Business Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including reasonable brokerage commissions and other reasonable out-of-pocket expenses, if any) for the shares of Class A Shares so purchased (including, without limitation, by any other Person in respect, or on behalf, of the Holder) (the "**Buy-In Price**"), at which point the Company's obligation to so issue and deliver such certificate or credit the Holder's balance account with DTC for the number of shares of Class A Shares to which the Holder is entitled upon the Holder's exercise hereunder (as the case may be) (and to issue such shares of Class A Shares) shall terminate, or (ii) promptly honor its obligation to so issue and deliver to the Holder a certificate or certificates representing such shares of Class A Shares or credit the Holder's balance account with DTC for the number of shares of Class A Shares to which the Holder is entitled upon the Holder's exercise hereunder (as the case may be) and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Class A Shares multiplied by (B) the lowest Closing Sale Price of the Class A Shares on any Trading Day during the period commencing on the date of the applicable Exercise Notice and ending on the date of such issuance and payment under this clause (ii).

(d) Cashless Exercise. Notwithstanding anything contained herein to the contrary, the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of shares of Class A Shares determined according to the following formula (a "**Cashless Exercise**"), provided that the Holder may elect to cashless exercise pursuant to this Section 1(d) only if B as set forth in the following formula is higher than C as set forth in the following formula:

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A= the total number of shares with respect to which this Warrant is then being exercised.

B= as applicable: (i) the average trading price per share as quoted on the stock exchange where the Company's Class A Shares are listed, for the twenty (20) trading days prior to the day the applicable Exercise Notice is submitted.

C= the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(e) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the number of Warrant Shares to be issued pursuant to the terms hereof, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 14.

(f) Intentionally Left Blank.

(g) Insufficient Authorized Shares. The Company shall at all times keep reserved for issuance under this Warrant a number of shares of Class A Shares as shall be necessary to satisfy the Company's obligation to issue shares of Class A Shares hereunder (without regard to any limitation otherwise contained herein with respect to the number of shares of Class A Shares that may be acquirable upon exercise of this Warrant). If, notwithstanding the foregoing, and not in limitation thereof, at any time while the Warrant remains outstanding the Company does not have a sufficient number of authorized and unreserved shares of Class A Shares to satisfy its obligation to reserve for issuance upon exercise of the Warrant at least a number of shares of Class A Shares equal to the number of shares of Class A Shares as shall from time to time be necessary to effect the exercise of the Warrant then outstanding (the "**Required Reserve Amount**") (an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Class A Shares to an amount sufficient to allow the Company to reserve the Required Reserve Amount for the Warrant then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Class A Shares. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized shares of Class A Shares and to cause its board of directors to recommend to the stockholders that they approve such proposal.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 2.

(a) Stock Dividends and Splits. Without limiting any provision of Section 4, if the Company, at any time on or after the Issuance Date, (i) pays a stock dividend on one or more classes of its then outstanding shares of Class A Shares or otherwise makes a distribution on any class of capital stock that is payable in shares of Class A Shares, (ii) subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its then outstanding shares of Class A Shares into a larger number of shares or (iii) combines (by combination, reverse stock split or otherwise) one or more classes of its then outstanding shares of Class A Shares into a smaller number of shares, then in each such case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Class A Shares outstanding immediately before such event and of which the denominator shall be the number of shares of Class A Shares outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination. If any event requiring an adjustment under this paragraph occurs during the period that an Exercise Price is calculated hereunder, then the calculation of such Exercise Price shall be adjusted appropriately to reflect such event.

(b) Exceptions to Adjustment. Notwithstanding the provisions of Sections 2(a), no adjustment to the Exercise Price shall be effected as a result of an Excepted Issuance. "***Excepted Issuances***" shall mean, collectively, (i) the Company's issuance of Class A Shares in connection with strategic license agreements and other partnering arrangements so long as such issuances are not for the purpose of raising capital and in which holders of such securities or debt are not at any time granted registration rights; (ii) the Company's issuance of Class A Shares or the issuances or grants of options to purchase Class A Shares to employees, directors, and consultants, so long as the issuance does not exceed 8% of the total outstanding shares of Class A Shares per annum; (iii) securities issued (other than for cash) in connection with a merger, acquisition, or consolidation, (iv) securities issued pursuant to the conversion or exercise of convertible or exercisable securities issued or outstanding on or prior to the date of the Underwriting Agreement, (v) any securities, including the bond, the Series A notes, the placement agent warrants and the underwriter warrants, as well as any shares of Class A Shares issued as interest payment on the bond and Series A notes, issued pursuant to the Engagement Letter (so long as the conversion or exercise price in such securities are not amended to lower such price and/or adversely affect the Holders), (v) the Class A Shares underlying the bond and Series A notes, the placement agent warrants and the underwriter warrants, and (vi) any Class A Shares issued as payment of dividends.

(c) Number of Warrant Shares. Simultaneously with any adjustment to the Exercise Price pursuant to only paragraph (a) of this Section 2, the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased or decreased proportionately, so that after such adjustment the aggregate Exercise Price payable hereunder for the adjusted number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment (without regard to any limitations on exercise contained herein).

(d) Other Events. In the event that the Company (or any subsidiary of the Company) shall take any action to which the provisions hereof are not strictly applicable, or, if applicable, would not operate to protect the Holder from dilution or if any event occurs of the type contemplated by the provisions of this Section 2 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Company's board of directors shall in good faith determine and implement an appropriate adjustment in the Exercise Price and the number of Warrant Shares (if applicable) so as to protect the rights of the Holder, provided that no such adjustment pursuant to this Section 2(d) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 2, provided further that if the Holder does not accept such adjustments as appropriately protecting its interests hereunder against such dilution, then the Company's board of directors and the Holder shall agree, in good faith, upon an independent investment bank of nationally recognized standing to make such appropriate adjustments, whose determination shall be final and binding and whose fees and expenses shall be borne by the Company.

(e) Calculations. All calculations under this Section 2 shall be made by rounding to the nearest cent or the nearest $1/100^{th}$ of a share, as applicable. The number of shares of Class A Shares outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Class A Shares.

3. RIGHTS UPON DISTRIBUTION OF ASSETS. In addition to any adjustments pursuant to Section 2 above, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Class A Shares, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Class A Shares acquirable upon a complete exercise of this Warrant (without regard to any limitations on exercise hereof) immediately before the date on which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Class A Shares are to be determined for the participation in such Distribution.

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 above, if at any time while the Warrant remains outstanding and before the Expiration Date, the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Class A Shares (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Class A Shares acquirable upon a complete exercise of this Warrant (without regard to any limitations on exercise hereof) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Class A Shares are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Fundamental Transactions. During the term of this Warrant, the Company shall not enter into or be party to a Fundamental Transaction unless (i) the Successor Entity assumes in writing all of the obligations of the Company under this Warrant and the other Transaction Documents (as defined in the Underwriting Agreement) in accordance with the provisions of this Section 4(b) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder prior to such Fundamental Transaction, such approval not to be unreasonably withheld, conditioned or delayed, including agreements to deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant, including, without limitation, which is exercisable for a corresponding number of shares of capital stock equivalent to the shares of Class A Shares acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Class A Shares pursuant to such Fundamental Transaction and the value of such shares of capital stock, such adjustments to the number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction) and (ii) the Successor Entity (including its Parent Entity) is a publicly traded corporation whose Class A Shares is quoted on or listed for trading on an Eligible Market. Upon the consummation of each Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of the applicable Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of each Fundamental Transaction, the Successor Entity shall deliver to the Holder confirmation that there shall be issued upon exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction, in lieu of the shares of Class A Shares (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of this Warrant prior to the applicable Fundamental Transaction, such shares of publicly traded Class A Shares (or its equivalent) of the Successor Entity (including its Parent Entity) which the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant), as adjusted in accordance with the provisions of this Warrant. Notwithstanding the foregoing, the Holder may elect, at its sole option, by delivery of written notice to the Company to waive this Section 4(b) to permit the Fundamental Transaction without the assumption of this Warrant. In addition to and not in substitution for any other rights hereunder, prior to the consummation of each Fundamental Transaction pursuant to which holders of shares of Class A Shares are entitled to receive securities or other assets with respect to or in exchange for shares of Class A Shares (a "**Corporate Event**"), the Company shall make appropriate provision to insure that the Holder will thereafter have the right to receive upon an exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction but prior to the Expiration Date, in lieu of the shares of the Class A Shares (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of the Warrant prior to such Fundamental Transaction, such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights) which the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant). Provision made pursuant to the preceding sentence shall be in a form and substance reasonably satisfactory to the Holder.

(c) Application. The provisions of this Section 4 shall apply similarly and equally to successive Fundamental Transactions and Corporate Events and shall be applied as if this Warrant (and any such subsequent warrants) were fully exercisable and without regard to any limitations on the exercise of this Warrant.

5. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Second Amended and Restated Memorandum and Articles of Association or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (a) shall not increase the par value of any shares of Class A Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, (b) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable shares of Class A Shares upon the exercise of this Warrant, and (c) shall, so long as the Warrant is outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Class A Shares, solely for the purpose of effecting the exercise of the Warrant, the maximum number of shares of Class A Shares as shall from time to time be necessary to effect the exercise of the Warrant then outstanding (without regard to any limitations on exercise).

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in its capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in its capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which it is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

7. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, no warrants for fractional shares of Class A Shares shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Class A Shares underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES; CURRENCY; PAYMENTS.

(a) Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with the Engagement Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon each adjustment of the Exercise Price and the number of Warrant Shares, setting forth in reasonable detail, and certifying, the calculation of such adjustment(s) and (ii) at least fifteen (15) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the shares of Class A Shares, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to holders of shares of Class A Shares or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder and (iii) at least ten (10) Trading Days prior to the consummation of any Fundamental Transaction. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of its Subsidiaries, the Company shall simultaneously file such notice with the Securities and Exchange Commission (the "**SEC**") pursuant to a Current Report on Form 8-K. It is expressly understood and agreed that the time of execution specified by the Holder in each Exercise Notice shall be definitive and may not be disputed or challenged by the Company.

(b) Currency. All amounts owing under this Warrant that, in accordance with their terms, are paid in cash shall be paid in United States dollars ("**U.S. Dollars**"). All amounts denominated in other currencies (if any) shall be converted into the U.S. Dollar equivalent amount in accordance with the Exchange Rate on the date of calculation. "**Exchange Rate**" means, in relation to any amount of currency to be converted into U.S. Dollars pursuant to this Warrant, the U.S. Dollar exchange rate as published in the Wall Street Journal on the relevant date of calculation (it being understood and agreed that where an amount is calculated with reference to, or over, a period of time, the date of calculation shall be the final date of such period of time).

(c) Payments. Whenever any payment is to be made by the Company to any Person pursuant to this Warrant, such payment shall be made in lawful money of the United States of America via wire transfer of U.S. Dollars in immediately available funds in accordance with the Holder's wire transfer instructions delivered to the Company on or prior to such payment date or, in the absence of such instructions, by a certified check drawn on the account of the Company and sent via overnight courier service to such Person at such address as previously provided to the Company in writing.

9. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder. The Holder shall be entitled, at its option, to the benefit of any amendment of any other similar warrant. No consideration shall be offered or paid to the Holder to amend or consent to a waiver or modification of any provision of this Warrant unless the same consideration is also offered to all of the holders of any other similar warrant. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party.

10. SEVERABILITY. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

11. GOVERNING LAW. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdiction other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder or to enforce a judgment or other court ruling in favor of the Holder. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

12. JUDGMENT CURRENCY.

(a) If for the purpose of obtaining or enforcing judgment against the Company in any court in any jurisdiction it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 12 referred to as the "**Judgment Currency**") an amount due in U.S. Dollars under this Warrant, the conversion shall be made at the Exchange Rate prevailing on the Trading Day immediately preceding:

(i) the date actual payment of the amount due, in the case of any proceeding in the courts of New York or in the courts of any other jurisdiction that will give effect to such conversion being made on such date: or

(ii) the date on which the foreign court determines, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section 12(a)(ii) being hereinafter referred to as the "**Judgment Conversion Date**").

(b) If in the case of any proceeding in the court of any jurisdiction referred to in Section 12(a)(ii) above, there is a change in the Exchange Rate prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the applicable party shall pay such adjusted amount as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the Exchange Rate prevailing the date of payment, will produce the amount of U.S. Dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the Exchange Rate prevailing on the Judgment Conversion Date.

(c) Any amount due from the Company under this provision shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Warrant.

13. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant. Terms used in this Warrant but defined in the other Transaction Documents shall have the meanings ascribed to such terms on the Closing Date in such other Transaction Documents unless otherwise consented to in writing by the Holder.

14. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or fair market value or the arithmetic calculation of the Warrant Shares (as the case may be), the Company or the Holder (as the case may be) shall submit the disputed determinations or arithmetic calculations (as the case may be) via facsimile or email (a) within two (2) Business Days after receipt of the applicable notice giving rise to such dispute to the Company or the Holder (as the case may be) or (b) if no notice gave rise to such dispute, at any time after the Holder learned of the circumstances giving rise to such dispute (including, without limitation, as to whether any issuance or sale or deemed issuance or sale was an issuance or sale or deemed issuance or sale of Excluded Securities). If the Holder and the Company are unable to agree upon such determination or calculation (as the case may be) of the Exercise Price, or fair market value or the number of Warrant Shares (as the case may be) within three (3) Business Days of such disputed determination or arithmetic calculation being submitted to the Company or the Holder (as the case may be), then the Company shall, within two (2) Business Days submit via facsimile or email (i) the disputed determination of the Exercise Price, the Closing Sale Price, the Bid Price or fair market value (as the case may be) to an independent, reputable investment bank mutually selected by the parties or (ii) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant (as the case may be) to perform the determinations or calculations (as the case may be) and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives such disputed determinations or calculations (as the case may be). Such investment bank's or accountant's determination or calculation (as the case may be) shall be binding upon all parties absent demonstrable error.

15. REMEDIES, CHARACTERIZATION, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, exercises and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required. The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company's compliance with the terms and conditions of this Warrant (including, without limitation, compliance with Section 2 hereof). The issuance of shares and certificates for shares as contemplated hereby upon the exercise of this Warrant shall be made without charge to the Holder or such shares for any issuance tax or other costs in respect thereof, provided that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than the Holder or its agent on its behalf.

16. TRANSFER. This Warrant may be offered for sale, sold, transferred or assigned without the consent of the Company.

17. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**Adjustment Right**" means any right granted with respect to any securities issued in connection with, or with respect to, any issuance or sale of shares of Class A Shares (other than rights of the type described in Section 3 and 4 hereof) that could result in a decrease in the net consideration received by the Company in connection with, or with respect to, such securities (including, without limitation, any cash settlement rights, cash adjustment or other similar rights).

(b) "**Affiliate**" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 405 under the Securities Act of 1933, as amended (the "Securities Act").

(c) "**Bloomberg**" means Bloomberg, L.P.

(d) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(e) "**Closing Sale Price**" means, for any security as of any date, the last closing trade price for such security on the Eligible Market, as reported by Bloomberg, or, if the Eligible Market begins to operate on an extended hours basis and does not designate the closing trade price, then the last trade price of such security prior to 4:00 p.m., New York time, as reported by Bloomberg, or, if the Eligible Market is not the principal securities exchange or trading market for such security, the last trade price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing does not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no last trade price is reported for such security by Bloomberg, the average of the ask prices of any market makers for such security as reported in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 14. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during such period.

(f) "**Class A Shares**" means (i) the Company's shares of Class A Shares, USD$1.00 par value per share, and (ii) any capital stock into which such Class A Shares shall have been changed or any share capital resulting from a reclassification of such Class A Shares.

(g) "**Convertible Securities**" means any stock or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any shares of Class A Shares.

(h) "**Eligible Market**" means The New York Stock Exchange, the NYSE American, the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market.

(i) "**Expiration Date**" means the date that is two and one half years from the Issuance Date, or, if such date falls on a day other than a Business Day or on which trading does not take place on the Eligible Market (a "**Holiday**"), the next date that is not a Holiday.

(j) "**FINRA**" means the Financial Industry Regulatory Authority, Inc. in the United States.

(k) "**Fundamental Transaction**" means that (i) the Company or any of its Subsidiaries shall, directly or indirectly, in one or more related transactions, (A) consolidate or merge with or into (whether or not the Company or any of its Subsidiaries is the surviving corporation) any other Person, or (B) sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of its respective properties or assets to any other Person, or (C) allow any other Person to make a purchase, tender or exchange offer that is accepted by the holders of more than 50% of the outstanding shares of Voting Stock of the Company (not including any shares of Voting Stock of the Company held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), or (D) consummate a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with any other Person whereby such other Person acquires more than 50% of the outstanding shares of Voting Stock of the Company (not including any shares of Voting Stock of the Company held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination), or (E) (1) reorganize, recapitalize or reclassify the Class A Shares, (2) effect or consummate a stock combination, reverse stock split or other similar transaction involving the Class A Shares or (3) make any public announcement or disclosure with respect to any stock combination, reverse stock split or other similar transaction involving the Class A Shares (including, without limitation, any public announcement or disclosure of (a) any potential, possible or actual stock combination, reverse stock split or other similar transaction involving the Class A Shares or (b) board or stockholder approval thereof, or the intention of the Company to seek board or stockholder approval of any stock combination, reverse stock split or other similar transaction involving the Class A Shares), or (ii) any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the 1934 Act and the rules and regulations promulgated thereunder) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of 50% of the aggregate ordinary voting power represented by issued and outstanding Voting Stock of the Company.

(l) "**Options**" means any rights, warrants or options to subscribe for or purchase shares of Class A Shares or Convertible Securities.

(m) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person and whose Class A Shares or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(n) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(o) "**SEC**" means the United States Securities and Exchange Commission.

(p) "**Successor Entity**" means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(q) "**Trading Day**" means any day on which the Class A Shares is traded on the Eligible Market, or, if the Eligible Market is not the principal trading market for the Class A Shares, then on the principal securities exchange or securities market on which the Class A Shares is then traded, provided that "Trading Day" shall not include any day on which the Class A Shares is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Class A Shares is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the Holder.

(r) "**Voting Stock**" of a Person means capital stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power to elect, or the general power to appoint, at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not at the time capital stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

18. REGISTRATION RIGHTS.

Participation in Registrations. The issuance of the Warrant and resale of the Warrant Shares shall be registered in the registration statement on Form F-1 the Company is currently preparing and submitting to the SEC for its planned IPO. Following an IPO, whenever the Company proposes to register any of its securities under the Securities Act, whether for its own account or for the account of another stockholder (except for the registration of securities (A) to be offered pursuant to an employee benefit plan on Form S-8 or (B) pursuant to a registration made on Form S-4, or any successor forms then in effect) at any time and the registration form to be used may be used for the registration of the Warrant Shares (a "Piggyback Registration"), it will so notify in writing the Holder no later than the earlier to occur of (i) the tenth (10th) day following the Company's receipt of notice of exercise of other demand registration rights, or (ii) thirty (30) days prior to the anticipated filing date. The Company will include in the Piggyback Registration all Warrant Shares, on a pro rata basis based upon the total number of registrable securities with respect to which the Company has received written requests for inclusion within fifteen (15) business days after the applicable holder's receipt of the Company's notice.

[*signature page follows*]

IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Class A Shares to be duly executed as of the Issuance Date set out above.

APTORUM GROUP LIMITED
a Cayman Islands company

By: _____
Name: Ian Huen
Title: Chief Executive Officer and Executive Director

EXHIBIT A

EXERCISE NOTICE

TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE CLASS A SHARES

APTORUM GROUP LIMITED

The undersigned holder hereby exercises the right to purchase _____ Class A Shares ("**Warrant Shares**") of **APTORUM GROUP LIMITED**, a Cayman Islands corporation (the "**Company**"), evidenced by Warrant to Purchase Class A Shares No. _____ (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

_____ a "Cash Exercise" with respect to _____ Warrant Shares; and/or

_____ a "Cashless Exercise" with respect to _____ Warrant Shares.

In the event that the Holder has elected a Cashless Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the Holder hereby represents and warrants that (i) this Exercise Notice was executed by the Holder at _____ [a.m.][p.m.] on the date set forth below and (ii) if applicable, the 20-day average closing price per share as of such time of execution of this Exercise Notice was $_____.]

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as a "Cash Exercise".]

2. Payment of Exercise Price. In the event that the Holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the Holder shall pay the Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to Holder, or its designee or agent as specified below, _____ Warrant Shares in accordance with the terms of the Warrant. Delivery shall be made to Holder, or for its benefit, as follows:

☐ Check here if requesting delivery as a certificate to the following name and to the following address:

Issue to: _____

_____

_____

☐ Check here if requesting delivery by Deposit/Withdrawal at Custodian as follows:

DTC Participant: _____
DTC Number: _____
Account Number: _____

Date: _____ __,

_____
Name of Registered Holder

By: _____
Name:
Title:

Tax ID: _____

Facsimile: _____

EXHIBIT B

ACKNOWLEDGMENT

The Company hereby acknowledges this Exercise Notice and hereby directs _____ to issue the above indicated number of shares of Class A Shares in accordance with the Transfer Agent Instructions dated _____, 20__, from the Company and acknowledged and agreed to by _____.

APTORUM GROUP LIMITED

By: _____

Name:

Title:

THESE WARRANTS AND ANY SHARES ACQUIRED UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY APPLICABLE STATE SECURITIES LAWS. THESE WARRANTS AND SUCH SHARES AND ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SUCH ACT AND UNDER ANY APPLICABLE STATE SECURITIES LAWS. THESE WARRANTS AND SUCH SHARES MAY NOT BE EXERCISED OR TRANSFERRED EXCEPT UPON THE CONDITIONS SPECIFIED IN THIS WARRANT CERTIFICATE, AND NO EXERCISE OR TRANSFER OF THESE WARRANTS OR TRANSFER OF SUCH SHARES SHALL BE VALID OR EFFECTIVE UNLESS AND UNTIL SUCH CONDITIONS SHALL HAVE BEEN COMPLIED WITH.

THE WARRANT AND WARRANT SHARES SHALL NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED, OR HYPOTHECATED, OR BE THE SUBJECT OF ANY HEDGING, SHORT SALE, DERIVATIVE, PUT, OR CALL TRANSACTION THAT WOULD RESULT IN THE EFFECTIVE ECONOMIC DISPOSITION OF THE SECURITIES BY ANY PERSON FOR A PERIOD OF 180 DAYS IMMEDIATELY FOLLOWING THE EFFECTIVE DATE OF AN INITIAL PUBLIC OFFERING OF THE ISSUER, EXCEPT AS PROVIDED IN FINRA RULE 5110(G)(2).

THE WARRANT AND WARRANT SHARES MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32, LAWS OF HONG KONG), OR (II) TO "PROFESSIONAL INVESTORS" (AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571, LAWS OF HONG KONG)), OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32, LAWS OF HONG KONG) AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE SECURITIES MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO THE SECURITIES WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571, LAWS OF HONG KONG).

APTORUM GROUP LIMITED

WARRANT TO PURCHASE CLASS A ORDINARY SHARES

Warrant No.: _____
Date of Issuance: May 15, 2018 ("**Issuance Date**")

Aptorum Group Limited, a Cayman Islands company (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **Boustead Securities, LLC**, the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, upon exercise of this Warrant to Purchase Class A Ordinary Shares with par value USD$1.00 each (including any Warrants to purchase shares issued in exchange, transfer or replacement hereof, the "**Warrant**"), at any time or times on or after the date on which the IPO (as defined herein below) is consummated and of the commencement of trading on a U.S. national securities exchange of the Company's securities to be issued in such offering, to the extent permitted by the applicable SEC and FINRA rules, but not after 11:59 p.m., Eastern Time, on the Expiration Date (as defined below), **[number]**[1] (subject to adjustment as provided herein) fully paid and non-assessable shares of Class A Shares (the "**Warrant Shares**"). The Warrant Shares shall not be transferable (except for the transfer to the Holder's Affiliates) until 180 days following the effective date of the IPO, except as may otherwise be permitted by FINRA Rule 5110. Except as otherwise defined herein, capitalized terms in this Warrant shall have the meanings set forth in Section 17. This Warrant is issued pursuant to that certain Engagement Agreement, dated as of August 24, 2017, and its amendment, dated as of May 11, 2018, by and between the Company and Boustead Securities, LLC and in connection with that certain Securities Purchase Agreement, dated as of May 15, 2018, by and among the Company and the buyers referred to therein (the "**Securities Purchase Agreement**").

[1] Shall initially equal five and one half percent (5.5%) of the principal amount of the Notes sold at each closing, divided by and exercisable on a cashless basis, at a 56% discount to the actual price per Class A Share, subject to adjustment, at the applicable IPO.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder on any day on or after the date on which the IPO is consummated and of the commencement of trading on a U.S. national securities exchange of the Company's securities to be issued in such offering, to the extent permitted by the applicable SEC and FINRA rules, in whole or in part, by delivery (whether via facsimile or otherwise) of a written notice, in the form attached hereto as **Exhibit A** (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant, by submitting information including the then-applicable Exercise Price, number of Warrant Shares purchased equal to or lower than the then-applicable number of Warrant Shares and the 20-day average Closing Sale Price (collectively, the "**Exercise Information**"). Within one (1) Trading Day following an exercise of this Warrant as aforesaid, the Holder shall deliver payment to the Company of an amount equal to the Exercise Price in effect on the date of such exercise multiplied by the number of Warrant Shares as to which this Warrant was so exercised (the "**Aggregate Exercise Price**") in cash or via wire transfer of immediately available funds if, subject to the provisions of Section 1(d), the Holder has not notified the Company in such Exercise Notice that such exercise is made pursuant to a Cashless Exercise (as defined in Section 1(d)) at a time and under circumstances which permit a Cashless Exercise. The Holder shall not be required to deliver the original of this Warrant in order to effect an exercise hereunder. Execution and delivery of an Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original of this Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. Execution and delivery of an Exercise Notice for all of the then-remaining Warrant Shares shall have the same effect as cancellation of the original of this Warrant after delivery of the Warrant Shares in accordance with the terms hereof. On or before the second (2^{nd}) Trading Day following the date on which the Company has received an Exercise Notice, upon checking that the Exercise Information supplied by the Holder is accurate, the Company shall transmit by facsimile or email an acknowledgment of confirmation of receipt of such Exercise Notice, in the form attached hereto as **Exhibit B**, to the Holder and the Company's transfer agent (the "**Transfer Agent**"). On or before the third (3^{rd}) Trading Day following the date on which the Company has received such Exercise Notice and, in the event that the Holder has chosen to exercise in cash, the receipt of the payment of the Aggregate Exercise Price , the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program, upon the request of the Holder, credit such aggregate number of shares of Class A Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and mail to the Holder or, at the Holder's instruction pursuant to the Exercise Notice, the Holder's agent or designee, in each case, sent by reputable overnight courier to the address as specified in the applicable Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee (as indicated in the applicable Exercise Notice), for the number of shares of Class A Shares to which the Holder is entitled pursuant to such exercise. Upon delivery of an Exercise Notice and in the event that the Holder has chosen to exercise in cash, the Company's receipt of the payment of the Aggregate Exercise Price, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares (as the case may be). If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the total number of Warrant Shares represented by this Warrant is greater than the number of Warrant Shares being acquired by the Holder upon an exercise, then, at the request of the Holder, the Company shall as soon as practicable and in no event later than five (5) Business Days after any exercise and at its own expense, issue and deliver to the Holder (or its designee) a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional shares of Class A Shares are to be issued upon the exercise of this Warrant, but rather the number of shares of Class A Shares to be issued shall be rounded up to the nearest whole number. The Company will from time to time promptly pay all taxes and charges that may be imposed upon the Company in respect of the issuance or delivery of Class A Shares upon the exercise of this Warrant, but the Company shall not be obligated to pay any transfer taxes in respect of this Warrant or such shares.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means an exercise price at a 56% discount to the actual price per Class A Share to be issued in an initial public offering where the Class A Shares of the Company are to be trading on a U.S. national stock exchange ("**IPO**"), subject to adjustment as provided herein.

(c) Company's Failure to Timely Deliver Securities. If the Company shall fail, for any reason or for no reason, to issue to the Holder within five (5) Trading Days after receipt of the applicable Exercise Notice, a certificate for the number of shares of Class A Shares to which the Holder is entitled and register such shares of Class A Shares on the Company's share register or to credit the Holder's balance account with DTC for such number of shares of Class A Shares to which the Holder is entitled upon the Holder's exercise of this Warrant (as the case may be), the Holder will have the right to rescind such exercise. In addition to any other rights available to the Holder, if the Company shall fail, for any reason or for no reason, to issue to the Holder within five (5) Trading Days after receipt of the applicable Exercise Notice, a certificate for the number of shares of Class A Shares to which the Holder is entitled and register such shares of Class A Shares on the Company's share register or to credit the Holder's balance account with DTC for such number of shares of Class A Shares to which the Holder is entitled upon the Holder's exercise of this Warrant (as the case may be) and if on or after such fifth (5^{th}) Trading Day the Holder (or any other Person in respect, or on behalf, of the Holder) purchases (in an open market transaction or otherwise) shares of Class A Shares to deliver in satisfaction of a sale by the Holder of all or any portion of the number of shares of Class A Shares, or a sale of a number of shares of Class A Shares equal to all or any portion of the number of shares of Class A Shares, issuable upon such exercise that the Holder so anticipated receiving from the Company, then, in addition to all other remedies available to the Holder, the Company shall, within three (3) Business Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including reasonable brokerage commissions and other reasonable out-of-pocket expenses, if any) for the shares of Class A Shares so purchased (including, without limitation, by any other Person in respect, or on behalf, of the Holder) (the "**Buy-In Price**"), at which point the Company's obligation to so issue and deliver such certificate or credit the Holder's balance account with DTC for the number of shares of Class A Shares to which the Holder is entitled upon the Holder's exercise hereunder (as the case may be) (and to issue such shares of Class A Shares) shall terminate, or (ii) promptly honor its obligation to so issue and deliver to the Holder a certificate or certificates representing such shares of Class A Shares or credit the Holder's balance account with DTC for the number of shares of Class A Shares to which the Holder is entitled upon the Holder's exercise hereunder (as the case may be) and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Class A Shares multiplied by (B) the lowest Closing Sale Price of the Class A Shares on any Trading Day during the period commencing on the date of the applicable Exercise Notice and ending on the date of such issuance and payment under this clause (ii).

(d) Cashless Exercise. Notwithstanding anything contained herein to the contrary, the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of shares of Class A Shares determined according to the following formula (a "**Cashless Exercise**"), provided that the Holder may elect to cashless exercise pursuant to this Section 1(d) only if B as set forth in the following formula is higher than C as set forth in the following formula:

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A= the total number of shares with respect to which this Warrant is then being exercised.

B= as applicable: (i) the average trading price per share as quoted on the stock exchange where the Company's Class A Shares are listed, for the twenty (20) trading days prior to the day the applicable Exercise Notice is submitted.

C= the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(e) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the number of Warrant Shares to be issued pursuant to the terms hereof, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 14.

(f) Intentionally Left Blank.

(g) Insufficient Authorized Shares. The Company shall at all times keep reserved for issuance under this Warrant a number of shares of Class A Shares as shall be necessary to satisfy the Company's obligation to issue shares of Class A Shares hereunder (without regard to any limitation otherwise contained herein with respect to the number of shares of Class A Shares that may be acquirable upon exercise of this Warrant). If, notwithstanding the foregoing, and not in limitation thereof, at any time while the Warrant remains outstanding the Company does not have a sufficient number of authorized and unreserved shares of Class A Shares to satisfy its obligation to reserve for issuance upon exercise of the Warrant at least a number of shares of Class A Shares equal to the number of shares of Class A Shares as shall from time to time be necessary to effect the exercise of the Warrant then outstanding (the "**Required Reserve Amount**") (an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Class A Shares to an amount sufficient to allow the Company to reserve the Required Reserve Amount for the Warrant then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Class A Shares. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized shares of Class A Shares and to cause its board of directors to recommend to the stockholders that they approve such proposal.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 2.

(a) Stock Dividends and Splits. Without limiting any provision of Section 4, if the Company, at any time on or after the date of the Securities Purchase Agreement, (i) pays a stock dividend on one or more classes of its then outstanding shares of Class A Shares or otherwise makes a distribution on any class of capital stock that is payable in shares of Class A Shares, (ii) subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its then outstanding shares of Class A Shares into a larger number of shares or (iii) combines (by combination, reverse stock split or otherwise) one or more classes of its then outstanding shares of Class A Shares into a smaller number of shares, then in each such case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Class A Shares outstanding immediately before such event and of which the denominator shall be the number of shares of Class A Shares outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination. If any event requiring an adjustment under this paragraph occurs during the period that an Exercise Price is calculated hereunder, then the calculation of such Exercise Price shall be adjusted appropriately to reflect such event.

(b) Exceptions to Adjustment. Notwithstanding the provisions of Sections 2(a), no adjustment to the Exercise Price shall be effected as a result of an Excepted Issuance. "***Excepted Issuances***" shall mean, collectively, (i) the Company's issuance of Class A Shares in connection with strategic license agreements and other partnering arrangements so long as such issuances are not for the purpose of raising capital and in which holders of such securities or debt are not at any time granted registration rights; (ii) the Company's issuance of Class A Shares or the issuances or grants of options to purchase Class A Shares to employees, directors, and consultants, so long as the issuance does not exceed 8% of the total outstanding shares of Class A Shares per annum; (iii) securities issued (other than for cash) in connection with a merger, acquisition, or consolidation, (iv) securities issued pursuant to the conversion or exercise of convertible or exercisable securities issued or outstanding on or prior to the date of the Securities Purchase Agreement, (v) any securities, including the bond, the placement agent warrants and the underwriter warrants, as well as any shares of Class A Shares issued as interest payment on the bond, issued pursuant to the Engagement Letter (so long as the conversion or exercise price in such securities are not amended to lower such price and/or adversely affect the Holders), (v) the Class A Shares underlying the bond, the placement agent warrants and the underwriter warrants, and (vi) any Class A Shares issued as payment of dividends.

(c) Number of Warrant Shares. Simultaneously with any adjustment to the Exercise Price pursuant to only paragraph (a) of this Section 2, the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased or decreased proportionately, so that after such adjustment the aggregate Exercise Price payable hereunder for the adjusted number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment (without regard to any limitations on exercise contained herein).

(d) Other Events. In the event that the Company (or any Subsidiary (as defined in the Securities Purchase Agreement)) shall take any action to which the provisions hereof are not strictly applicable, or, if applicable, would not operate to protect the Holder from dilution or if any event occurs of the type contemplated by the provisions of this Section 2 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Company's board of directors shall in good faith determine and implement an appropriate adjustment in the Exercise Price and the number of Warrant Shares (if applicable) so as to protect the rights of the Holder, provided that no such adjustment pursuant to this Section 2(d) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 2, provided further that if the Holder does not accept such adjustments as appropriately protecting its interests hereunder against such dilution, then the Company's board of directors and the Holder shall agree, in good faith, upon an independent investment bank of nationally recognized standing to make such appropriate adjustments, whose determination shall be final and binding and whose fees and expenses shall be borne by the Company.

(e) Calculations. All calculations under this Section 2 shall be made by rounding to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Class A Shares outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Class A Shares.

3. RIGHTS UPON DISTRIBUTION OF ASSETS. In addition to any adjustments pursuant to Section 2 above, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Class A Shares, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Class A Shares acquirable upon a complete exercise of this Warrant (without regard to any limitations on exercise hereof) immediately before the date on which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Class A Shares are to be determined for the participation in such Distribution.

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 above, if at any time while the Warrant remains outstanding and before the Expiration Date, the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Class A Shares (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Class A Shares acquirable upon a complete exercise of this Warrant (without regard to any limitations on exercise hereof) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Class A Shares are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Fundamental Transactions. During the term of this Warrant, the Company shall not enter into or be party to a Fundamental Transaction unless (i) the Successor Entity assumes in writing all of the obligations of the Company under this Warrant and the other Transaction Documents (as defined in the Securities Purchase Agreement) in accordance with the provisions of this Section 4(b) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder prior to such Fundamental Transaction, such approval not to be unreasonably withheld, conditioned or delayed, including agreements to deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant, including, without limitation, which is exercisable for a corresponding number of shares of capital stock equivalent to the shares of Class A Shares acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Class A Shares pursuant to such Fundamental Transaction and the value of such shares of capital stock, such adjustments to the number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction) and (ii) the Successor Entity (including its Parent Entity) is a publicly traded corporation whose Class A Shares is quoted on or listed for trading on an Eligible Market. Upon the consummation of each Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of the applicable Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of each Fundamental Transaction, the Successor Entity shall deliver to the Holder confirmation that there shall be issued upon exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction, in lieu of the shares of Class A Shares (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of this Warrant prior to the applicable Fundamental Transaction, such shares of publicly traded Class A Shares (or its equivalent) of the Successor Entity (including its Parent Entity) which the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant), as adjusted in accordance with the provisions of this Warrant. Notwithstanding the foregoing, the Holder may elect, at its sole option, by delivery of written notice to the Company to waive this Section 4(b) to permit the Fundamental Transaction without the assumption of this Warrant. In addition to and not in substitution for any other rights hereunder, prior to the consummation of each Fundamental Transaction pursuant to which holders of shares of Class A Shares are entitled to receive securities or other assets with respect to or in exchange for shares of Class A Shares (a "**Corporate Event**"), the Company shall make appropriate provision to insure that the Holder will thereafter have the right to receive upon an exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction but prior to the Expiration Date, in lieu of the shares of the Class A Shares (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of the Warrant prior to such Fundamental Transaction, such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights) which the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant). Provision made pursuant to the preceding sentence shall be in a form and substance reasonably satisfactory to the Holder.

(c) Application. The provisions of this Section 4 shall apply similarly and equally to successive Fundamental Transactions and Corporate Events and shall be applied as if this Warrant (and any such subsequent warrants) were fully exercisable and without regard to any limitations on the exercise of this Warrant.

5. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Second Amended and Restated Memorandum and Articles of Association, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (a) shall not increase the par value of any shares of Class A Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, (b) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable shares of Class A Shares upon the exercise of this Warrant, and (c) shall, so long as the Warrant is outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Class A Shares, solely for the purpose of effecting the exercise of the Warrant, the maximum number of shares of Class A Shares as shall from time to time be necessary to effect the exercise of the Warrant then outstanding (without regard to any limitations on exercise).

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in its capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in its capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which it is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

7. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, no warrants for fractional shares of Class A Shares shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Class A Shares underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES; CURRENCY; PAYMENTS.

(a) Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section 9.2 of the Securities Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon each adjustment of the Exercise Price and the number of Warrant Shares, setting forth in reasonable detail, and certifying, the calculation of such adjustment(s) and (ii) at least fifteen (15) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the shares of Class A Shares, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to holders of shares of Class A Shares or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder and (iii) at least ten (10) Trading Days prior to the consummation of any Fundamental Transaction. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of its Subsidiaries, the Company shall simultaneously file such notice with the SEC (as defined in the Securities Purchase Agreement) pursuant to a Current Report on Form 8-K. It is expressly understood and agreed that the time of execution specified by the Holder in each Exercise Notice shall be definitive and may not be disputed or challenged by the Company.

(b) Currency. All amounts owing under this Warrant that, in accordance with their terms, are paid in cash shall be paid in United States dollars ("**U.S. Dollars**"). All amounts denominated in other currencies (if any) shall be converted into the U.S. Dollar equivalent amount in accordance with the Exchange Rate on the date of calculation. "**Exchange Rate**" means, in relation to any amount of currency to be converted into U.S. Dollars pursuant to this Warrant, the U.S. Dollar exchange rate as published in the Wall Street Journal on the relevant date of calculation (it being understood and agreed that where an amount is calculated with reference to, or over, a period of time, the date of calculation shall be the final date of such period of time).

(c) Payments. Whenever any payment is to be made by the Company to any Person pursuant to this Warrant, such payment shall be made in lawful money of the United States of America via wire transfer of U.S. Dollars in immediately available funds in accordance with the Holder's wire transfer instructions delivered to the Company on or prior to such payment date or, in the absence of such instructions, by a certified check drawn on the account of the Company and sent via overnight courier service to such Person at such address as previously provided to the Company in writing.

9. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder. The Holder shall be entitled, at its option, to the benefit of any amendment of any other similar warrant. No consideration shall be offered or paid to the Holder to amend or consent to a waiver or modification of any provision of this Warrant unless the same consideration is also offered to all of the holders of any other similar warrant. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party.

10. SEVERABILITY. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

11. GOVERNING LAW. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdiction other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder or to enforce a judgment or other court ruling in favor of the Holder. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

12. JUDGMENT CURRENCY.

(a) If for the purpose of obtaining or enforcing judgment against the Company in any court in any jurisdiction it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 12 referred to as the "**Judgment Currency**") an amount due in U.S. Dollars under this Warrant, the conversion shall be made at the Exchange Rate prevailing on the Trading Day immediately preceding:

(i) the date actual payment of the amount due, in the case of any proceeding in the courts of New York or in the courts of any other jurisdiction that will give effect to such conversion being made on such date: or

(ii) the date on which the foreign court determines, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section 12(a)(ii) being hereinafter referred to as the "**Judgment Conversion Date**").

(b) If in the case of any proceeding in the court of any jurisdiction referred to in Section 12(a)(ii) above, there is a change in the Exchange Rate prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the applicable party shall pay such adjusted amount as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the Exchange Rate prevailing the date of payment, will produce the amount of U.S. Dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the Exchange Rate prevailing on the Judgment Conversion Date.

(c) Any amount due from the Company under this provision shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Warrant.

13. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant. Terms used in this Warrant but defined in the other Transaction Documents shall have the meanings ascribed to such terms on the Closing Date in such other Transaction Documents unless otherwise consented to in writing by the Holder.

14. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or fair market value or the arithmetic calculation of the Warrant Shares (as the case may be), the Company or the Holder (as the case may be) shall submit the disputed determinations or arithmetic calculations (as the case may be) via facsimile or email (a) within two (2) Business Days after receipt of the applicable notice giving rise to such dispute to the Company or the Holder (as the case may be) or (b) if no notice gave rise to such dispute, at any time after the Holder learned of the circumstances giving rise to such dispute (including, without limitation, as to whether any issuance or sale or deemed issuance or sale was an issuance or sale or deemed issuance or sale of Excluded Securities). If the Holder and the Company are unable to agree upon such determination or calculation (as the case may be) of the Exercise Price, or fair market value or the number of Warrant Shares (as the case may be) within three (3) Business Days of such disputed determination or arithmetic calculation being submitted to the Company or the Holder (as the case may be), then the Company shall, within two (2) Business Days submit via facsimile or email (i) the disputed determination of the Exercise Price, the Closing Sale Price, the Bid Price or fair market value (as the case may be) to an independent, reputable investment bank mutually selected by the parties or (ii) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant (as the case may be) to perform the determinations or calculations (as the case may be) and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives such disputed determinations or calculations (as the case may be). Such investment bank's or accountant's determination or calculation (as the case may be) shall be binding upon all parties absent demonstrable error.

15. REMEDIES, CHARACTERIZATION, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, exercises and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required. The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company's compliance with the terms and conditions of this Warrant (including, without limitation, compliance with Section 2 hereof). The issuance of shares and certificates for shares as contemplated hereby upon the exercise of this Warrant shall be made without charge to the Holder or such shares for any issuance tax or other costs in respect thereof, provided that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than the Holder or its agent on its behalf.

16. TRANSFER. This Warrant may be offered for sale, sold, transferred or assigned without the consent of the Company.

17. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**Adjustment Right**" means any right granted with respect to any securities issued in connection with, or with respect to, any issuance or sale of shares of Class A Shares (other than rights of the type described in Section 3 and 4 hereof) that could result in a decrease in the net consideration received by the Company in connection with, or with respect to, such securities (including, without limitation, any cash settlement rights, cash adjustment or other similar rights).

(b) "**Affiliate**" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 405 under the Securities Act of 1933, as amended (the "Securities Act").

(c) "**Bloomberg**" means Bloomberg, L.P.

(d) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(e) "**Closing Sale Price**" means, for any security as of any date, the last closing trade price for such security on the Eligible Market, as reported by Bloomberg, or, if the Eligible Market begins to operate on an extended hours basis and does not designate the closing trade price, then the last trade price of such security prior to 4:00 p.m., New York time, as reported by Bloomberg, or, if the Eligible Market is not the principal securities exchange or trading market for such security, the last trade price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing does not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no last trade price is reported for such security by Bloomberg, the average of the ask prices of any market makers for such security as reported in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 14. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during such period.

(f) "**Class A Shares**" means (i) the Company's shares of Class A Shares, USD$1.00 par value per share, and (ii) any capital stock into which such Class A Shares shall have been changed or any share capital resulting from a reclassification of such Class A Shares.

(g) "**Convertible Securities**" means any stock or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any shares of Class A Shares.

(h) "**Eligible Market**" means The New York Stock Exchange, the NYSE American, the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market.

(i) "**Expiration Date**" means the date that is two and one half years from the Issuance Date, or, if such date falls on a day other than a Business Day or on which trading does not take place on the Eligible Market (a "**Holiday**"), the next date that is not a Holiday.

(j) "**FINRA**" means the Financial Industry Regulatory Authority, Inc. in the United States.

(k) "**Fundamental Transaction**" means that (i) the Company or any of its Subsidiaries shall, directly or indirectly, in one or more related transactions, (A) consolidate or merge with or into (whether or not the Company or any of its Subsidiaries is the surviving corporation) any other Person, or (B) sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of its respective properties or assets to any other Person, or (C) allow any other Person to make a purchase, tender or exchange offer that is accepted by the holders of more than 50% of the outstanding shares of Voting Stock of the Company (not including any shares of Voting Stock of the Company held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), or (D) consummate a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with any other Person whereby such other Person acquires more than 50% of the outstanding shares of Voting Stock of the Company (not including any shares of Voting Stock of the Company held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination), or (E) (1) reorganize, recapitalize or reclassify the Class A Shares, (2) effect or consummate a stock combination, reverse stock split or other similar transaction involving the Class A Shares or (3) make any public announcement or disclosure with respect to any stock combination, reverse stock split or other similar transaction involving the Class A Shares (including, without limitation, any public announcement or disclosure of (a) any potential, possible or actual stock combination, reverse stock split or other similar transaction involving the Class A Shares or (b) board or stockholder approval thereof, or the intention of the Company to seek board or stockholder approval of any stock combination, reverse stock split or other similar transaction involving the Class A Shares), or (ii) any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the 1934 Act and the rules and regulations promulgated thereunder) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of 50% of the aggregate ordinary voting power represented by issued and outstanding Voting Stock of the Company.

(l) "**Options**" means any rights, warrants or options to subscribe for or purchase shares of Class A Shares or Convertible Securities.

(m) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person and whose Class A Shares or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(n) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(o) "**SEC**" means the United States Securities and Exchange Commission.

(p) "**Successor Entity**" means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(q) "**Trading Day**" means any day on which the Class A Shares is traded on the Eligible Market, or, if the Eligible Market is not the principal trading market for the Class A Shares, then on the principal securities exchange or securities market on which the Class A Shares is then traded, provided that "Trading Day" shall not include any day on which the Class A Shares is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Class A Shares is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the Holder.

(r) "**Voting Stock**" of a Person means capital stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power to elect, or the general power to appoint, at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not at the time capital stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

18. REGISTRATION RIGHTS.

Participation in Registrations. The issuance of the Warrant and resale of the Warrant Shares shall be registered in the registration statement on Form F-1 the Company is currently preparing and submitting to the SEC for its planned IPO. Following an IPO, whenever the Company proposes to register any of its securities under the Securities Act, whether for its own account or for the account of another stockholder (except for the registration of securities (A) to be offered pursuant to an employee benefit plan on Form S-8 or (B) pursuant to a registration made on Form S-4, or any successor forms then in effect) at any time and the registration form to be used may be used for the registration of the Registrable Securities, as defined in the Securities Purchase Agreement (a "Piggyback Registration"), it will so notify in writing the Holder no later than the earlier to occur of (i) the tenth (10th) day following the Company's receipt of notice of exercise of other demand registration rights, or (ii) thirty (30) days prior to the anticipated filing date. Subject to the provisions of Securities Purchase Agreement, the Company will include in the Piggyback Registration all Warrant Shares, on a pro rata basis based upon the total number of registrable securities with respect to which the Company has received written requests for inclusion within fifteen (15) business days after the applicable holder's receipt of the Company's notice.

[*signature page follows*]

IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Class A Shares to be duly executed as of the Issuance Date set out above.

APTORUM GROUP LIMITED
a Cayman Islands company

By: _____
Name: Ian Huen
Title: Chief Executive Officer and Executive Director

EXHIBIT A

EXERCISE NOTICE
TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE CLASS A SHARES

APTORUM GROUP LIMITED

The undersigned holder hereby exercises the right to purchase _____ Class A Shares ("**Warrant Shares**") of **APTORUM GROUP LIMITED**, a Cayman Islands corporation (the "**Company**"), evidenced by Warrant to Purchase Class A Shares No. _____ (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

_____ a "Cash Exercise" with respect to _____ Warrant Shares; and/or

_____ a "Cashless Exercise" with respect to _____ Warrant Shares.

In the event that the Holder has elected a Cashless Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the Holder hereby represents and warrants that (i) this Exercise Notice was executed by the Holder at _____ [a.m.][p.m.] on the date set forth below and (ii) if applicable, the 20-day average closing price per share as of such time of execution of this Exercise Notice was $_____.]

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as a "Cash Exercise".]

2. Payment of Exercise Price. In the event that the Holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the Holder shall pay the Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to Holder, or its designee or agent as specified below, _____ Warrant Shares in accordance with the terms of the Warrant. Delivery shall be made to Holder, or for its benefit, as follows:

☐ Check here if requesting delivery as a certificate to the following name and to the following address:

Issue to: _____
_____
_____

☐ Check here if requesting delivery by Deposit/Withdrawal at Custodian as follows:

DTC Participant: _____
DTC Number: _____
Account Number: _____

Date: _____ __,

_____
Name of Registered Holder

By: _____
Name:
Title:

Tax ID: _____

Facsimile: _____

EXHIBIT B

ACKNOWLEDGMENT

The Company hereby acknowledges this Exercise Notice and hereby directs _____ to issue the above indicated number of shares of Class A Shares in accordance with the Transfer Agent Instructions dated _____, 20__, from the Company and acknowledged and agreed to by _____.

APTORUM GROUP LIMITED

By: _____

Name:

Title:

THESE WARRANTS AND ANY SHARES ACQUIRED UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY APPLICABLE STATE SECURITIES LAWS. THESE WARRANTS AND SUCH SHARES AND ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SUCH ACT AND UNDER ANY APPLICABLE STATE SECURITIES LAWS. THESE WARRANTS AND SUCH SHARES MAY NOT BE EXERCISED OR TRANSFERRED EXCEPT UPON THE CONDITIONS SPECIFIED IN THIS WARRANT CERTIFICATE, AND NO EXERCISE OR TRANSFER OF THESE WARRANTS OR TRANSFER OF SUCH SHARES SHALL BE VALID OR EFFECTIVE UNLESS AND UNTIL SUCH CONDITIONS SHALL HAVE BEEN COMPLIED WITH.

THE WARRANT AND WARRANT SHARES SHALL NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED, OR HYPOTHECATED, OR BE THE SUBJECT OF ANY HEDGING, SHORT SALE, DERIVATIVE, PUT, OR CALL TRANSACTION THAT WOULD RESULT IN THE EFFECTIVE ECONOMIC DISPOSITION OF THE SECURITIES BY ANY PERSON FOR A PERIOD OF 180 DAYS IMMEDIATELY FOLLOWING THE EFFECTIVE DATE OF AN INITIAL PUBLIC OFFERING BY THE ISSUER, EXCEPT AS PROVIDED IN FINRA RULE 5110(G)(2).

THE WARRANT AND WARRANT SHARES MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32, LAWS OF HONG KONG), OR (II) TO "PROFESSIONAL INVESTORS" (AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571, LAWS OF HONG KONG)), OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32, LAWS OF HONG KONG) AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE SECURITIES MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO THE SECURITIES WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571, LAWS OF HONG KONG).

APTORUM GROUP LIMITED

WARRANT TO PURCHASE CLASS A ORDINARY SHARES

Warrant No.: _____
Date of Issuance: April 6, 2018 ("**Issuance Date**")

Aptorum Group Limited, a Cayman Islands company (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **Boustead Securities, LLC**, the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, upon exercise of this Warrant to Purchase Class A Ordinary Shares with par value USD$1.00 each (including any Warrants to purchase shares issued in exchange, transfer or replacement hereof, the "**Warrant**"), at any time or times on or after the date on which the IPO (as defined herein below) is consummated and of the commencement of trading on a U.S. national securities exchange of the Company's securities to be issued in such offering, to the extent permitted by the applicable SEC and FINRA rules, but not after 11:59 p.m., Eastern Time, on the Expiration Date (as defined below), **[number]**[1] (subject to adjustment as provided herein) fully paid and non-assessable shares of Class A Shares (the "**Warrant Shares**"). The Warrant Shares shall not be transferable (except for the transfer to the Holder's Affiliates) until 180 days following the effective date of the IPO, except as may otherwise be permitted by FINRA Rule 5110. Except as otherwise defined herein, capitalized terms in this Warrant shall have the meanings set forth in Section 17. This Warrant is issued pursuant to that certain Engagement Agreement, dated as of August 24, 2017, and its amendment, dated as of May 11, 2018, by and between the Company and Boustead Securities, LLC and in connection with the transactions contemplated by that certain Subscription Agreement, dated as of April 6, 2018, by and between the Company and Peace Range Limited (the "**Subscription Agreement**").

[1] Shall initially equal to five and one half percent (5.5%) of the number of Class A Ordinary Shares issuable upon conversion of the Bond, divided by and exercisable on a cashless basis, at a 23% discount to the actual price per Class A Share, subject to adjustment, at the applicable IPO. 10% of the principal amount of the Bond or $15,000,000 shall be automatically converted into the Class A Ordinary Shares upon the closing of the IPO and the rest of the Bond is convertible at the option of the holder commencing on the closing of the IPO until the earlier of the date falling 12 calendar months after the maturity of the Bond (which may be extended by the parties) and the date falling 12 calendar months after the closing of the IPO.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder on any day on or after the date on which the IPO is consummated and of the commencement of trading on a U.S. national securities exchange of the Company's securities to be issued in such offering, to the extent permitted by the applicable SEC and FINRA rules, in whole or in part, by delivery (whether via facsimile or otherwise) of a written notice, in the form attached hereto as **Exhibit A** (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant, by submitting information including the then-applicable Exercise Price, number of Warrant Shares purchased equal to or lower than the then-applicable number of Warrant Shares and the 20-day average Closing Sale Price (collectively, the "**Exercise Information**"). Within one (1) Trading Day following an exercise of this Warrant as aforesaid, the Holder shall deliver payment to the Company of an amount equal to the Exercise Price in effect on the date of such exercise multiplied by the number of Warrant Shares as to which this Warrant was so exercised (the "**Aggregate Exercise Price**") in cash or via wire transfer of immediately available funds if, subject to the provisions of Section 1(d), the Holder has not notified the Company in such Exercise Notice that such exercise is made pursuant to a Cashless Exercise (as defined in Section 1(d)) at a time and under circumstances which permit a Cashless Exercise. The Holder shall not be required to deliver the original of this Warrant in order to effect an exercise hereunder. Execution and delivery of an Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original of this Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. Execution and delivery of an Exercise Notice for all of the then-remaining Warrant Shares shall have the same effect as cancellation of the original of this Warrant after delivery of the Warrant Shares in accordance with the terms hereof. On or before the second (2^{nd}) Trading Day following the date on which the Company has received an Exercise Notice, upon checking that the Exercise Information supplied by the Holder is accurate, the Company shall transmit by facsimile or email an acknowledgment of confirmation of receipt of such Exercise Notice, in the form attached hereto as **Exhibit B**, to the Holder and the Company's transfer agent (the "**Transfer Agent**"). On or before the third (3^{rd}) Trading Day following the date on which the Company has received such Exercise Notice and, in the event that the Holder has chosen to exercise in cash, the receipt of the payment of the Aggregate Exercise Price , the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program, upon the request of the Holder, credit such aggregate number of shares of Class A Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and mail to the Holder or, at the Holder's instruction pursuant to the Exercise Notice, the Holder's agent or designee, in each case, sent by reputable overnight courier to the address as specified in the applicable Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee (as indicated in the applicable Exercise Notice), for the number of shares of Class A Shares to which the Holder is entitled pursuant to such exercise. Upon delivery of an Exercise Notice and in the event that the Holder has chosen to exercise in cash, the Company's receipt of the payment of the Aggregate Exercise Price, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares (as the case may be). If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the total number of Warrant Shares represented by this Warrant is greater than the number of Warrant Shares being acquired by the Holder upon an exercise, then, at the request of the Holder, the Company shall as soon as practicable and in no event later than five (5) Business Days after any exercise and at its own expense, issue and deliver to the Holder (or its designee) a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional shares of Class A Shares are to be issued upon the exercise of this Warrant, but rather the number of shares of Class A Shares to be issued shall be rounded up to the nearest whole number. The Company will from time to time promptly pay all taxes and charges that may be imposed upon the Company in respect of the issuance or delivery of Class A Shares upon the exercise of this Warrant, but the Company shall not be obligated to pay any transfer taxes in respect of this Warrant or such shares.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means an exercise price at a 23% discount to the actual price per Class A Share to be issued in an initial public offering where the Class A Shares of the Company are to be trading on a U.S. national stock exchange ("**IPO**"), subject to adjustment as provided herein.

(c) Company's Failure to Timely Deliver Securities. If the Company shall fail, for any reason or for no reason, to issue to the Holder within five (5) Trading Days after receipt of the applicable Exercise Notice, a certificate for the number of shares of Class A Shares to which the Holder is entitled and register such shares of Class A Shares on the Company's share register or to credit the Holder's balance account with DTC for such number of shares of Class A Shares to which the Holder is entitled upon the Holder's exercise of this Warrant (as the case may be), the Holder will have the right to rescind such exercise. In addition to any other rights available to the Holder, if the Company shall fail, for any reason or for no reason, to issue to the Holder within five (5) Trading Days after receipt of the applicable Exercise Notice, a certificate for the number of shares of Class A Shares to which the Holder is entitled and register such shares of Class A Shares on the Company's share register or to credit the Holder's balance account with DTC for such number of shares of Class A Shares to which the Holder is entitled upon the Holder's exercise of this Warrant (as the case may be) and if on or after such fifth (5^{th}) Trading Day the Holder (or any other Person in respect, or on behalf, of the Holder) purchases (in an open market transaction or otherwise) shares of Class A Shares to deliver in satisfaction of a sale by the Holder of all or any portion of the number of shares of Class A Shares, or a sale of a number of shares of Class A Shares equal to all or any portion of the number of shares of Class A Shares, issuable upon such exercise that the Holder so anticipated receiving from the Company, then, in addition to all other remedies available to the Holder, the Company shall, within three (3) Business Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including reasonable brokerage commissions and other reasonable out-of-pocket expenses, if any) for the shares of Class A Shares so purchased (including, without limitation, by any other Person in respect, or on behalf, of the Holder) (the "**Buy-In Price**"), at which point the Company's obligation to so issue and deliver such certificate or credit the Holder's balance account with DTC for the number of shares of Class A Shares to which the Holder is entitled upon the Holder's exercise hereunder (as the case may be) (and to issue such shares of Class A Shares) shall terminate, or (ii) promptly honor its obligation to so issue and deliver to the Holder a certificate or certificates representing such shares of Class A Shares or credit the Holder's balance account with DTC for the number of shares of Class A Shares to which the Holder is entitled upon the Holder's exercise hereunder (as the case may be) and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Class A Shares multiplied by (B) the lowest Closing Sale Price of the Class A Shares on any Trading Day during the period commencing on the date of the applicable Exercise Notice and ending on the date of such issuance and payment under this clause (ii).

(d) Cashless Exercise. Notwithstanding anything contained herein to the contrary, the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of shares of Class A Shares determined according to the following formula (a "**Cashless Exercise**"), provided that the Holder may elect to cashless exercise pursuant to this Section 1(d) only if B as set forth in the following formula is higher than C as set forth in the following formula:

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A= the total number of shares with respect to which this Warrant is then being exercised.

B= as applicable: (i) the average trading price per share as quoted on the stock exchange where the Company's Class A Shares are listed, for the twenty (20) trading days prior to the day the applicable Exercise Notice is submitted.

C= the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(e) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the number of Warrant Shares to be issued pursuant to the terms hereof, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 14.

(f) Intentionally Left Blank.

(g) Insufficient Authorized Shares. The Company shall at all times keep reserved for issuance under this Warrant a number of shares of Class A Shares as shall be necessary to satisfy the Company's obligation to issue shares of Class A Shares hereunder (without regard to any limitation otherwise contained herein with respect to the number of shares of Class A Shares that may be acquirable upon exercise of this Warrant). If, notwithstanding the foregoing, and not in limitation thereof, at any time while the Warrant remains outstanding the Company does not have a sufficient number of authorized and unreserved shares of Class A Shares to satisfy its obligation to reserve for issuance upon exercise of the Warrant at least a number of shares of Class A Shares equal to the number of shares of Class A Shares as shall from time to time be necessary to effect the exercise of the Warrant then outstanding (the "**Required Reserve Amount**") (an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Class A Shares to an amount sufficient to allow the Company to reserve the Required Reserve Amount for the Warrant then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Class A Shares. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized shares of Class A Shares and to cause its board of directors to recommend to the stockholders that they approve such proposal.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 2.

(a) Stock Dividends and Splits. Without limiting any provision of Section 4, if the Company, at any time on or after the Issuance Date, (i) pays a stock dividend on one or more classes of its then outstanding shares of Class A Shares or otherwise makes a distribution on any class of capital stock that is payable in shares of Class A Shares, (ii) subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its then outstanding shares of Class A Shares into a larger number of shares or (iii) combines (by combination, reverse stock split or otherwise) one or more classes of its then outstanding shares of Class A Shares into a smaller number of shares, then in each such case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Class A Shares outstanding immediately before such event and of which the denominator shall be the number of shares of Class A Shares outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination. If any event requiring an adjustment under this paragraph occurs during the period that an Exercise Price is calculated hereunder, then the calculation of such Exercise Price shall be adjusted appropriately to reflect such event.

(b) Exceptions to Adjustment. Notwithstanding the provisions of Sections 2(a), no adjustment to the Exercise Price shall be effected as a result of an Excepted Issuance. "***Excepted Issuances***" shall mean, collectively, (i) the Company's issuance of Class A Shares in connection with strategic license agreements and other partnering arrangements so long as such issuances are not for the purpose of raising capital and in which holders of such securities or debt are not at any time granted registration rights; (ii) the Company's issuance of Class A Shares or the issuances or grants of options to purchase Class A Shares to employees, directors, and consultants, so long as the issuance does not exceed 8% of the total outstanding shares of Class A Shares per annum; (iii) securities issued (other than for cash) in connection with a merger, acquisition, or consolidation, (iv) securities issued pursuant to the conversion or exercise of convertible or exercisable securities issued or outstanding on or prior to the date of the Subscription Agreement, (v) any securities, including the Series A notes, the placement agent warrants and the underwriter warrants, as well as any shares of Class A Shares issued as interest payment on the Series A notes, issued pursuant to the Engagement Letter (so long as the conversion or exercise price in such securities are not amended to lower such price and/or adversely affect the Holders), (v) the Class A Shares underlying the Series A notes, the placement agent warrants and the underwriter warrants, and (vi) any Class A Shares issued as payment of dividends.

(c) Number of Warrant Shares. Simultaneously with any adjustment to the Exercise Price pursuant to only paragraph (a) of this Section 2, the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased or decreased proportionately, so that after such adjustment the aggregate Exercise Price payable hereunder for the adjusted number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment (without regard to any limitations on exercise contained herein).

(d) Other Events. In the event that the Company (or any subsidiary of the Company) shall take any action to which the provisions hereof are not strictly applicable, or, if applicable, would not operate to protect the Holder from dilution or if any event occurs of the type contemplated by the provisions of this Section 2 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Company's board of directors shall in good faith determine and implement an appropriate adjustment in the Exercise Price and the number of Warrant Shares (if applicable) so as to protect the rights of the Holder, provided that no such adjustment pursuant to this Section 2(d) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 2, provided further that if the Holder does not accept such adjustments as appropriately protecting its interests hereunder against such dilution, then the Company's board of directors and the Holder shall agree, in good faith, upon an independent investment bank of nationally recognized standing to make such appropriate adjustments, whose determination shall be final and binding and whose fees and expenses shall be borne by the Company.

(e) Calculations. All calculations under this Section 2 shall be made by rounding to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Class A Shares outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Class A Shares.

3. RIGHTS UPON DISTRIBUTION OF ASSETS. In addition to any adjustments pursuant to Section 2 above, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Class A Shares, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Class A Shares acquirable upon a complete exercise of this Warrant (without regard to any limitations on exercise hereof) immediately before the date on which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Class A Shares are to be determined for the participation in such Distribution.

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 above, if at any time while the Warrant remains outstanding and before the Expiration Date, the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Class A Shares (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Class A Shares acquirable upon a complete exercise of this Warrant (without regard to any limitations on exercise hereof) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Class A Shares are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Fundamental Transactions. During the term of this Warrant, the Company shall not enter into or be party to a Fundamental Transaction unless (i) the Successor Entity assumes in writing all of the obligations of the Company under this Warrant and the other Transaction Documents (as defined in the Subscription Agreement) in accordance with the provisions of this Section 4(b) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder prior to such Fundamental Transaction, such approval not to be unreasonably withheld, conditioned or delayed, including agreements to deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant, including, without limitation, which is exercisable for a corresponding number of shares of capital stock equivalent to the shares of Class A Shares acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Class A Shares pursuant to such Fundamental Transaction and the value of such shares of capital stock, such adjustments to the number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction) and (ii) the Successor Entity (including its Parent Entity) is a publicly traded corporation whose Class A Shares is quoted on or listed for trading on an Eligible Market. Upon the consummation of each Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of the applicable Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of each Fundamental Transaction, the Successor Entity shall deliver to the Holder confirmation that there shall be issued upon exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction, in lieu of the shares of Class A Shares (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of this Warrant prior to the applicable Fundamental Transaction, such shares of publicly traded Class A Shares (or its equivalent) of the Successor Entity (including its Parent Entity) which the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant), as adjusted in accordance with the provisions of this Warrant. Notwithstanding the foregoing, the Holder may elect, at its sole option, by delivery of written notice to the Company to waive this Section 4(b) to permit the Fundamental Transaction without the assumption of this Warrant. In addition to and not in substitution for any other rights hereunder, prior to the consummation of each Fundamental Transaction pursuant to which holders of shares of Class A Shares are entitled to receive securities or other assets with respect to or in exchange for shares of Class A Shares (a "**Corporate Event**"), the Company shall make appropriate provision to insure that the Holder will thereafter have the right to receive upon an exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction but prior to the Expiration Date, in lieu of the shares of the Class A Shares (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of the Warrant prior to such Fundamental Transaction, such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights) which the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant). Provision made pursuant to the preceding sentence shall be in a form and substance reasonably satisfactory to the Holder.

(c) Application. The provisions of this Section 4 shall apply similarly and equally to successive Fundamental Transactions and Corporate Events and shall be applied as if this Warrant (and any such subsequent warrants) were fully exercisable and without regard to any limitations on the exercise of this Warrant.

5. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Second Amended and Restated Memorandum and Articles of Association or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (a) shall not increase the par value of any shares of Class A Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, (b) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable shares of Class A Shares upon the exercise of this Warrant, and (c) shall, so long as the Warrant is outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Class A Shares, solely for the purpose of effecting the exercise of the Warrant, the maximum number of shares of Class A Shares as shall from time to time be necessary to effect the exercise of the Warrant then outstanding (without regard to any limitations on exercise).

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in its capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in its capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which it is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

7. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, no warrants for fractional shares of Class A Shares shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Class A Shares underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES; CURRENCY; PAYMENTS.

(a) Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with the Engagement Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon each adjustment of the Exercise Price and the number of Warrant Shares, setting forth in reasonable detail, and certifying, the calculation of such adjustment(s) and (ii) at least fifteen (15) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the shares of Class A Shares, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to holders of shares of Class A Shares or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder and (iii) at least ten (10) Trading Days prior to the consummation of any Fundamental Transaction. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of its Subsidiaries, the Company shall simultaneously file such notice with the Securities and Exchange Commission (the "**SEC**") pursuant to a Current Report on Form 8-K. It is expressly understood and agreed that the time of execution specified by the Holder in each Exercise Notice shall be definitive and may not be disputed or challenged by the Company.

(b) Currency. All amounts owing under this Warrant that, in accordance with their terms, are paid in cash shall be paid in United States dollars ("**U.S. Dollars**"). All amounts denominated in other currencies (if any) shall be converted into the U.S. Dollar equivalent amount in accordance with the Exchange Rate on the date of calculation. "**Exchange Rate**" means, in relation to any amount of currency to be converted into U.S. Dollars pursuant to this Warrant, the U.S. Dollar exchange rate as published in the Wall Street Journal on the relevant date of calculation (it being understood and agreed that where an amount is calculated with reference to, or over, a period of time, the date of calculation shall be the final date of such period of time).

(c) Payments. Whenever any payment is to be made by the Company to any Person pursuant to this Warrant, such payment shall be made in lawful money of the United States of America via wire transfer of U.S. Dollars in immediately available funds in accordance with the Holder's wire transfer instructions delivered to the Company on or prior to such payment date or, in the absence of such instructions, by a certified check drawn on the account of the Company and sent via overnight courier service to such Person at such address as previously provided to the Company in writing.

9. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder. The Holder shall be entitled, at its option, to the benefit of any amendment of any other similar warrant. No consideration shall be offered or paid to the Holder to amend or consent to a waiver or modification of any provision of this Warrant unless the same consideration is also offered to all of the holders of any other similar warrant. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party.

10. SEVERABILITY. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

11. GOVERNING LAW. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdiction other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder or to enforce a judgment or other court ruling in favor of the Holder. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

12. JUDGMENT CURRENCY.

(a) If for the purpose of obtaining or enforcing judgment against the Company in any court in any jurisdiction it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 12 referred to as the "**Judgment Currency**") an amount due in U.S. Dollars under this Warrant, the conversion shall be made at the Exchange Rate prevailing on the Trading Day immediately preceding:

(i) the date actual payment of the amount due, in the case of any proceeding in the courts of New York or in the courts of any other jurisdiction that will give effect to such conversion being made on such date: or

(ii) the date on which the foreign court determines, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section 12(a)(ii) being hereinafter referred to as the "**Judgment Conversion Date**").

(b) If in the case of any proceeding in the court of any jurisdiction referred to in Section 12(a)(ii) above, there is a change in the Exchange Rate prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the applicable party shall pay such adjusted amount as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the Exchange Rate prevailing the date of payment, will produce the amount of U.S. Dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the Exchange Rate prevailing on the Judgment Conversion Date.

(c) Any amount due from the Company under this provision shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Warrant.

13. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant. Terms used in this Warrant but defined in the other Transaction Documents shall have the meanings ascribed to such terms on the Closing Date in such other Transaction Documents unless otherwise consented to in writing by the Holder.

14. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or fair market value or the arithmetic calculation of the Warrant Shares (as the case may be), the Company or the Holder (as the case may be) shall submit the disputed determinations or arithmetic calculations (as the case may be) via facsimile or email (a) within two (2) Business Days after receipt of the applicable notice giving rise to such dispute to the Company or the Holder (as the case may be) or (b) if no notice gave rise to such dispute, at any time after the Holder learned of the circumstances giving rise to such dispute (including, without limitation, as to whether any issuance or sale or deemed issuance or sale was an issuance or sale or deemed issuance or sale of Excluded Securities). If the Holder and the Company are unable to agree upon such determination or calculation (as the case may be) of the Exercise Price, or fair market value or the number of Warrant Shares (as the case may be) within three (3) Business Days of such disputed determination or arithmetic calculation being submitted to the Company or the Holder (as the case may be), then the Company shall, within two (2) Business Days submit via facsimile or email (i) the disputed determination of the Exercise Price, the Closing Sale Price, the Bid Price or fair market value (as the case may be) to an independent, reputable investment bank mutually selected by the parties or (ii) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant (as the case may be) to perform the determinations or calculations (as the case may be) and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives such disputed determinations or calculations (as the case may be). Such investment bank's or accountant's determination or calculation (as the case may be) shall be binding upon all parties absent demonstrable error.

15. REMEDIES, CHARACTERIZATION, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, exercises and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required. The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company's compliance with the terms and conditions of this Warrant (including, without limitation, compliance with Section 2 hereof). The issuance of shares and certificates for shares as contemplated hereby upon the exercise of this Warrant shall be made without charge to the Holder or such shares for any issuance tax or other costs in respect thereof, provided that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than the Holder or its agent on its behalf.

16. TRANSFER. This Warrant may be offered for sale, sold, transferred or assigned without the consent of the Company.

17. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**Adjustment Right**" means any right granted with respect to any securities issued in connection with, or with respect to, any issuance or sale of shares of Class A Shares (other than rights of the type described in Section 3 and 4 hereof) that could result in a decrease in the net consideration received by the Company in connection with, or with respect to, such securities (including, without limitation, any cash settlement rights, cash adjustment or other similar rights).

(b) "**Affiliate**" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 405 under the Securities Act of 1933, as amended (the "Securities Act").

(c) "**Bloomberg**" means Bloomberg, L.P.

(d) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(e) "**Closing Sale Price**" means, for any security as of any date, the last closing trade price for such security on the Eligible Market, as reported by Bloomberg, or, if the Eligible Market begins to operate on an extended hours basis and does not designate the closing trade price, then the last trade price of such security prior to 4:00 p.m., New York time, as reported by Bloomberg, or, if the Eligible Market is not the principal securities exchange or trading market for such security, the last trade price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing does not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no last trade price is reported for such security by Bloomberg, the average of the ask prices of any market makers for such security as reported in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 14. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during such period.

(f) "**Class A Shares**" means (i) the Company's shares of Class A Shares, USD$1.00 par value per share, and (ii) any capital stock into which such Class A Shares shall have been changed or any share capital resulting from a reclassification of such Class A Shares.

(g) "**Convertible Securities**" means any stock or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any shares of Class A Shares.

(h) "**Eligible Market**" means The New York Stock Exchange, the NYSE American, the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market.

(i) "**Expiration Date**" means the date that is two and one half years from the Issuance Date, or, if such date falls on a day other than a Business Day or on which trading does not take place on the Eligible Market (a "**Holiday**"), the next date that is not a Holiday.

(j) "**FINRA**" means the Financial Industry Regulatory Authority, Inc. in the United States.

(k) "**Fundamental Transaction**" means that (i) the Company or any of its Subsidiaries shall, directly or indirectly, in one or more related transactions, (A) consolidate or merge with or into (whether or not the Company or any of its Subsidiaries is the surviving corporation) any other Person, or (B) sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of its respective properties or assets to any other Person, or (C) allow any other Person to make a purchase, tender or exchange offer that is accepted by the holders of more than 50% of the outstanding shares of Voting Stock of the Company (not including any shares of Voting Stock of the Company held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), or (D) consummate a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with any other Person whereby such other Person acquires more than 50% of the outstanding shares of Voting Stock of the Company (not including any shares of Voting Stock of the Company held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination), or (E) (1) reorganize, recapitalize or reclassify the Class A Shares, (2) effect or consummate a stock combination, reverse stock split or other similar transaction involving the Class A Shares or (3) make any public announcement or disclosure with respect to any stock combination, reverse stock split or other similar transaction involving the Class A Shares (including, without limitation, any public announcement or disclosure of (a) any potential, possible or actual stock combination, reverse stock split or other similar transaction involving the Class A Shares or (b) board or stockholder approval thereof, or the intention of the Company to seek board or stockholder approval of any stock combination, reverse stock split or other similar transaction involving the Class A Shares), or (ii) any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the 1934 Act and the rules and regulations promulgated thereunder) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of 50% of the aggregate ordinary voting power represented by issued and outstanding Voting Stock of the Company.

(l) "**Options**" means any rights, warrants or options to subscribe for or purchase shares of Class A Shares or Convertible Securities.

(m) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person and whose Class A Shares or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(n) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(o) "**SEC**" means the United States Securities and Exchange Commission.

(p) "**Successor Entity**" means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(q) "**Trading Day**" means any day on which the Class A Shares is traded on the Eligible Market, or, if the Eligible Market is not the principal trading market for the Class A Shares, then on the principal securities exchange or securities market on which the Class A Shares is then traded, provided that "Trading Day" shall not include any day on which the Class A Shares is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Class A Shares is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the Holder.

(r) "**Voting Stock**" of a Person means capital stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power to elect, or the general power to appoint, at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not at the time capital stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

18. REGISTRATION RIGHTS.

Participation in Registrations. The issuance of the Warrant and resale of the Warrant Shares shall be registered in the registration statement on Form F-1 the Company is currently preparing and submitting to the SEC for its planned IPO. Following an IPO, whenever the Company proposes to register any of its securities under the Securities Act, whether for its own account or for the account of another stockholder (except for the registration of securities (A) to be offered pursuant to an employee benefit plan on Form S-8 or (B) pursuant to a registration made on Form S-4, or any successor forms then in effect) at any time and the registration form to be used may be used for the registration of the Warrant Shares (a "Piggyback Registration"), it will so notify in writing the Holder no later than the earlier to occur of (i) the tenth (10th) day following the Company's receipt of notice of exercise of other demand registration rights, or (ii) thirty (30) days prior to the anticipated filing date. The Company will include in the Piggyback Registration all Warrant Shares, on a pro rata basis based upon the total number of registrable securities with respect to which the Company has received written requests for inclusion within fifteen (15) business days after the applicable holder's receipt of the Company's notice.

[*signature page follows*]

IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Class A Shares to be duly executed as of the Issuance Date set out above.

APTORUM GROUP LIMITED
a Cayman Islands company

By: _____
Name: Ian Huen
Title: Chief Executive Officer and Executive Director

EXHIBIT A

EXERCISE NOTICE
TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE CLASS A SHARES

APTORUM GROUP LIMITED

The undersigned holder hereby exercises the right to purchase _____ Class A Shares ("**Warrant Shares**") of **APTORUM GROUP LIMITED**, a Cayman Islands corporation (the "**Company**"), evidenced by Warrant to Purchase Class A Shares No. _____ (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

_____ a "Cash Exercise" with respect to _____ Warrant Shares; and/or

_____ a "Cashless Exercise" with respect to _____ Warrant Shares.

In the event that the Holder has elected a Cashless Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the Holder hereby represents and warrants that (i) this Exercise Notice was executed by the Holder at _____ [a.m.][p.m.] on the date set forth below and (ii) if applicable, the 20-day average closing price per share as of such time of execution of this Exercise Notice was $_____.]

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as a "Cash Exercise".]

2. Payment of Exercise Price. In the event that the Holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the Holder shall pay the Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to Holder, or its designee or agent as specified below, _____ Warrant Shares in accordance with the terms of the Warrant. Delivery shall be made to Holder, or for its benefit, as follows:

☐ Check here if requesting delivery as a certificate to the following name and to the following address:

Issue to: _____
_____
_____

☐ Check here if requesting delivery by Deposit/Withdrawal at Custodian as follows:

DTC Participant: _____
DTC Number: _____
Account Number: _____

Date: _____ __,

_____
Name of Registered Holder

By: _____
Name:
Title:

Tax ID: _____

Facsimile: _____

EXHIBIT B

ACKNOWLEDGMENT

The Company hereby acknowledges this Exercise Notice and hereby directs _____ to issue the above indicated number of shares of Class A Shares in accordance with the Transfer Agent Instructions dated _____, 20__, from the Company and acknowledged and agreed to by _____.

APTORUM GROUP LIMITED

By: _____

Name:

Title:

Exhibit 5.1

By email

Aptorum Group Limited
Floor 4, Willow House,
Cricket Square,
Grand Cayman, KY1-9010
Cayman Islands

Floor 4, Willow House, Cricket Square
Grand Cayman
KY1-9010
Cayman Islands

D +1 345 914 5845
T +1 345 949 2648
F +1 345 949 8613
E dmagee@campbellslegal.com

campbellslegal.com

Our Ref: RS/DPM/12574-27374
Your Ref:

CAYMAN | BVI | HONG KONG

13 November 2018
Dear Sirs

Aptorum Group Limited – Listing of Class A Ordinary Shares

We have acted as Cayman Islands legal advisers to Aptorum Group Ltd. (the "**Company**"), a Cayman Islands exempted company in connection with the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), filed with the Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended to date (the "**Act**") relating to the offering by the Company of up to a maximum of 1,898,734 Class A Ordinary Shares par value of US$1.00 per share in the capital of the Company and the resale by certain holders of the Company of certain Class A Ordinary Shares issuable pursuant to certain convertible securites of the Company as set forth in the Registration Statement (collectively, the "**Shares**") on the Nasdaq Stock Market (the "**Exchange**"). We are furnishing this opinion as Exhibits 5.1 and 23.2 to the Registration Statement.

1 Assumptions

The following opinions are given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this opinion letter. These opinions only relate to the laws of the Cayman Islands which are in force on the date of this opinion letter. In giving these opinions we have relied (without further verification) upon the completeness and accuracy of the Resolutions, the Shareholder Resolutions and the Certificate of Good Standing (each as defined below). We have also relied upon the following assumptions, which we have not independently verified:

1.1 Copies of documents, conformed copies or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals, and translations of documents provided to us are complete and accurate;

1.2 All signatures, initials and seals are genuine;

1.3 There is nothing under any law (other than the laws of the Cayman Islands) which would or might affect the opinions expressed herein;

1.4 The Shares to be offered and issued by the Company pursuant to the Registration Statement will be issued by the Company against payment in full, in accordance with Registration Statement and be duly registered in the Company's register of members;

1.5 The A&R Memorandum and Articles (as defined below) remain in full force and effect and are unamended;

1.6 The Resolutions and the Shareholder Resolutions were duly passed in the manner prescribed in the A&R Memorandum and Articles and the resolutions contained in the Resolutions and the Shareholder Resolutions are in full force and effect at the date hereof and have not been amended, varied or revoked in any respect;

1.7 The authorised shares of the Company as set out in the A&R Memorandum and Articles has not been amended; and

1.8 The minute book and corporate records of the Company as maintained at its registered office in the Cayman Islands are complete and accurate in all material respects, and all minutes and resolutions filed therein represent a complete and accurate record of all meetings of the shareholders and directors (or any committee thereof) (duly convened in accordance with the then effective Memorandum and Articles of Association of the Company) and all resolutions passed at the meetings, or passed by written consent as the case may be.

2 Documents Reviewed

We have reviewed originals, copies, drafts or conformed copies of the following documents and such other documents or instruments as we deem necessary:

2.1 A copy of the Registration Statement;

2.2 A copy of the certificate of incorporation issued by the Registrar of Companies in the Cayman Islands on 13 September 2010;

2.3 A copy of the Company's certificate of incorporation on change of name issued by the Registrar of Companies in the Cayman Islands on 3 March 2017;

2.4 A copy of the certiifcate of incorporation of change of name issued by the Reggistrar of Companies in the Cayamn Islands dated 19 October 2017;

2.5 A copy of the statutory registers of directors and officers, members, mortgages and charges of the Company as maintained at its registered office in the Cayman Islands, certified as true by Campbells Corporate Services Limited on 31 October 2018;

2.6 A copy of the second amended and restated Memorandum and Articles of Association of the Company adopted by the Shareholder Resolutions on 13 October 2017 and filed with the Registrar of Companies (the "**A&R Memorandum and Articles**");

2.7 Certificate of Good Standing in respect of the Company issued by the Registrar of Companies in the Cayman Islands dated 31 October 2018 (the "**Certificate of Good Standing**");

2.8 A copy of the written resolutions of the board of directors of the Company dated 30 May 2018 (the "**Resolutions**");

2.9 A copy of the shareholder resolutions of the Company dated 3 October 2017 (the "**Shareholder Resolutions**"); and

2.10 The records of proceedings of the Company on file with, and available for inspection on 9 November 2018, at the Grand Court of the Cayman Islands.

3 Opinion

Based upon the foregoing and subject to the qualifications set out below and having regard to such legal considerations as we deem relevant, we are of the opinion that:

3.1 The Company has been duly incorporated as an exempted company with limited liability and is validly existing and in good standing under the laws of the Cayman Islands.

3.2 The issue and allotment of the Shares have been duly authorised and when allotted, issued and paid for as contemplated in the Registration Statement, the Shares will be legally issued and allotted, fully paid and non-assessable. As a matter of Cayman law, a share is only issued when it has been entered in the register of members (shareholders).

3.3 The authorised share capital of the Company, with effect immediately prior to the completion of the Company's initial public offering of the Shares, will be US$100,000,000.00 divided into 60,000,000 Class A Ordinary Shares with a nominal or par value of US$1.00 each and 40,000,000 Class B Ordinary Shares with a nominal or par value of US$ 1.00 each.

3.4 The statements under the caption "Taxation" in the prospectus forming part of the Registration Statement, to the extent that they constitute statements of Cayman Islands law, are accurate in all material respects and that such statements constitute our opinion.

4 Qualifications

4.1 We make no comment with respect to any representations and warranties which may be made by or with respect to the Company in any of the documents or instruments cited in this opinion or otherwise with respect to the commercial terms of the transactions the subject of this opinion.

4.2 In this opinion, the phrase "non-assessable" means, with respect to the Shares, that a shareholder shall not, solely by virtue of its status as a shareholder, be liable for additional assessments or calls on the Shares by the Company or its creditors (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstance in which a court may be prepared to pierce or lift the corporate veil).

4.3 To maintain the Company in good standing under the laws of the Cayman Islands, annual filing fees must be paid and returns made to the Registrar of Companies within the time frame prescribed by law.

4.4 This opinion is provided solely for your benefit and use and may not be quoted in whole or in part or otherwise referred to or filed with any government agency or any other person without our prior express written consent, and no person other than the Company is entitled to rely on this opinion. Notwithstanding the foregoing, we hereby consent to filing of this opinion as an exhibit to the Registration Statement and to the reference to our name under the heading "Enforcement of Civil Liabilities" and "Legal matters" and elsewhere in the Registration Statement. In giving our consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Yours faithfully

Campbells

Exhibit 10.38

SUBSCRIPTION AGREEMENT

Class A Ordinary Shares
of
Aptorum Group Limited

This subscription agreement (this "**Subscription Agreement**") is dated _____, 2018, by and between the investor identified on the signature page hereto (the "**Investor**") and Aptorum Group Limited, a Cayman Islands exempted company (the "**Company**"). The parties agree as follows:

1. Subscription

Investor agrees to buy and the Company agrees to sell and issue to Investor such number of shares (the "**Shares**") of the Company's Class A Ordinary Shares, par value $1.00 per share, as set forth on the signature page hereto, for an aggregate purchase price (the "**Purchase Price**") equal to the product of (x) the aggregate number of Shares the Investor has agreed to purchase and (y) the Purchase Price per Share as set forth on the signature page hereto.

The Shares are being offered pursuant to a registration statement on Form F-1, as amended, File No. 333-227198 (the "**Registration Statement**"). The Registration Statement shall be declared effective by the Securities and Exchange Commission (the "**Commission**") prior to issuance of any Shares and acceptance of Investor's subscription. The prospectus (the "**Prospectus**") which forms a part of the Registration Statement is subject to change. A final prospectus and/or prospectus supplement will be delivered to the Investor as required by law.

The Shares are being offered by Boustead Securities, LLC, China Renaissance Securities (HK) Limited, and AMTD Global Markets Limited (the "**Underwriters**") as co-underwriters on a "best efforts, minimum/maximum" basis pursuant to an underwriting agreement (the "**Underwriting Agreement**"). The completion of the purchase and sale of the Shares (the "**Closing**") shall take place at a place and time (the "**Closing Date**") to be specified by the Company and Underwriters in accordance with Rule 15c6-1 promulgated under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). Upon satisfaction or waiver of all the conditions to closing set forth in the Underwriting Agreement and the Registration Statement declared effective by the Commission, at the Closing (i) the Purchase Price deposited by the Investor subsequent to the declaration of effectiveness of the Registration Statement by wire transfer or ACH transfer of immediately available funds to the Escrow Account (as defined below) shall be released to the Company, and (ii) the Company shall cause the Shares to be delivered to the Investor (A) through the facilities of The Depository Trust Company's DWAC system in accordance with the instructions set forth on the signature page attached hereto under the heading "DWAC Instructions," or (B) if requested by the Investor on the signature page hereto or if the Company is unable to make the delivery through the facilities of The Depository Trust Company's DWAC system, through the DRS or book-entry delivery of Shares on the books and records of the transfer agent. If delivery is made by book entry on the books and records of the transfer agent, the Company shall send written confirmation of such delivery to the Investor at the address indicated on the Signature Page hereof.

The Underwriters and any participating broker dealers (the "**Members**") shall confirm, via the Underwriting Agreement, selected dealer agreement or master selected dealer agreement, as applicable, that it will comply with Exchange Act Rule 15c2-4. Payments may only be made by wire transfer or electronic deposit, and no payments may be made by check. With regards to monies being wired or sent via ACH transfer from an investor's bank account, the Underwriters or Members shall request the investors send their wires or ACH transfers by the business day immediately following the receipt of a completed subscription document. In regards to monies being sent from an investor's account held at the participating broker, the funds will be "promptly transmitted" to the escrow agent, i.e., FinTech Clearing, LLC ("**FinTech**"), following the receipt of a completed subscription document and completed instructions by the investor to send funds to the Escrow Account (as defined below). Absent unusual circumstances, funds in customer accounts will be transmitted by noon of the next business day. In the event that the offering does not close for any reason prior to the termination date set forth in the Registration Statement, all funds deposited in the Escrow Account (as defined below) will be returned to investors promptly in accordance with the terms of the escrow agreement and applicable law.

2. Subscription Process.

To purchase the Shares in this offering, investors must complete and sign this Subscription Agreement and provide the additional information required pursuant to the Subscription Process attached as Exhibit A. Investors will be required to pay for the Shares by wire or ACH transfer for the full purchase price of the Shares. FinTech shall serve as escrow agent for any payments made via wire or ACH transfer.

Subscriptions will be effective only upon the Company's acceptance of the subscriptions, and the Company reserves the right to reject any subscriptions in whole or in part. In compliance with Rule 15c2-4 under the Exchange Act, the Company and the Underwriters will instruct Investors to deliver all monies in the form of wire transfers or ACH transfers to FinTech. Upon FinTech's receipt of such monies, they shall be credited to FinTech, as the escrow agent for the Investors for the Company's Offering. Pursuant to escrow agreement among us, Underwriters and FinTech, as escrow agent, the funds received in payment for the Shares purchased in the Offering will be wired to a non-interest bearing escrow account at Pacific Mercantile Bank entitled "FinTech Clearing, as Agent for the Investors in Aptorum Group Limited" indicated on the Signature Page hereto ("**Escrow Account**") pursuant to the wire payment instructions hereunder, and held until the escrow agent determines that the amount in the Escrow Account is equal to at least the minimum amount required to close this Offering. Upon confirmation of receipt of the requested minimum subscription amount, the escrow agent will release the funds in accordance with the written instructions provided by the Company and Underwriters, indicating the date on which the Shares purchased in this Offering are to be delivered to the Investors and the date the net proceeds are to be delivered to the Company.

3. Investor Representations.

a. Investor represents that it has received (or otherwise had access to the electronic filing on the SEC website) the Prospectus prior to or in connection with receipt of this Subscription Agreement.

b. Investor represents that it understands and acknowledges that Investor's subscription for the Shares indicated on the Signature Page hereto may be accepted or rejected in whole or in part by the Company, for any reason and in their sole and absolute discretion.

4. Miscellaneous.

This Subscription Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and shall become effective when counterparts have been signed by each party and delivered to the other parties hereto, it being understood that all parties need not sign the same counterpart. Execution may be made by delivery by facsimile or via electronic format.

All communications hereunder, except as may be otherwise specifically provided herein, shall be in writing and shall be mailed, hand delivered, sent by a recognized overnight courier service such as FedEx, or sent via facsimile and confirmed by letter, to the party to whom it is addressed at the following addresses or such other address as such party may advise the other in writing:

To the Company: as set forth on the signature page hereto.

To the Investor: as set forth on the signature page hereto.

All notices hereunder shall be effective upon receipt by the party to which it is addressed.

If the foregoing correctly sets forth the parties' agreement, please confirm this by signing and returning to the Company the duplicate copy of this Subscription Agreement.

[Signature Page Follows]

[Signature Page to Subscription Agreement for Aptorum Group Limited]

If the foregoing correctly sets forth our agreement, please confirm this by signing and returning to us the duplicate copy of this Subscription.

Number of Shares: _____
Purchase Price per Share: $[ ]
Aggregate Purchase Price: $_____

Aptorum Group Limited
By: _____
Name: _____Title: _____

INVESTOR: _____(Print Name)

Address Notice:
17/F, Guangdong Investment Tower,
148 Connaught Road Central, Hong Kong

Signed By: _____ (Signature)
Name: _____ Title: _____
SSN or EIN or Tax ID: _____

Address:_____
_____
Phone:_____
Email: _____

Select method of delivery of Shares: DRS or DWAC (Check One)

_____ DWAC DELIVERY INSTRUCTIONS:

1. Name of DTC Participant (broker dealer at which the account or accounts to be credited with the Shares are maintained): _____
2. DTC Participant Number: _____
3. Name of Account at DTC Participant being credited with the Shares: _____
4. Account Number of DTC Participant being credited with the Shares: _____

_____ DRS ELECTRONIC BOOK ENTRY CONFIRMATION (hold shares at transfer agent) Delivery Instructions:

Name in which Shares should be issued: _____

Address for Shareholder: Street_____

City/State/Zip: _____; Attention: _____

Telephone No.: _____

WIRE PAYMENT INSTRUCTIONS:

NO WIRE TRANSFERS MAY BE MADE TO THE ESCROW ACCOUNT, DIRECTLY OR THROUGH ANY UNDERWRITER UNLESS AND UNTIL: (A) THE REGISTRATION STATEMENT HAS BEEN DECLARED EFFECTIVE BY THE COMMISSION, AND (B) A COPY OF THIS SUBSCRIPTION AGREEMENT, DULY EXECUTED BY THE INVESTOR OR ITS AGENT, HAS BEEN DELIVERED.

WIRE TO THE FOLLOWING INSTRUCTIONS:

Bank Name: Pacific Mercantile Bank
Bank Address: 949 South Coast Dr., Costa Mesa, CA 92626
ABA Routing No: 122242869
SWIFT Code: PMERUS66
Beneficiary Account Name: FinTech Clearing, as Agent for the Investors in Aptorum Group Limited
Beneficiary Account No: XXXX
Beneficiary Address: 6 Venture, Suite 265, Irvine, CA 92618 USA

Please email back the completed Subscription Agreement to offerings@boustead1828.com or fax to +1(949) 266-5789

CERTIFICATE FOR THE PURCHASE OF INITIAL PUBLIC OFFERINGS OF EQUITY SECURITIES

Pursuant to FINRA Rule 5130 (***formerly NASD Rule 2790***) (the " **New Issue Rule**"), firms may not sell or cause to be sold a new issue (as defined in the New Issue Rule; generally, initial public offerings of equity securities) to any account in which a **restricted person** holds a **beneficial interest** unless the account qualifies for a **general exemption** under the New Issue Rule. We require that you sign and return this Certificate indicating whether or not your account is eligible to purchase PUBLIC OFFERING shares in accordance with the New Issue Rule.

In addition, pursuant to FINRA Rule 5131 (the "**PUBLIC OFFERING Allocation Rule**"), firms may not under certain circumstances allocate shares of a new issue to any account in which an executive officer or director of a **public company** or a **covered non-public company**, or a person **materially supported** by such executive officer or director (collectively, " **Covered Persons**"), has a **beneficial interest** unless the account qualifies for a **general exemption**.

In addition, in connection with any new issue, you hereby represent that you will not act as a finder or in a fiduciary capacity to any managing underwriter of any new issue and that you shall notify us immediately in the event that such representation ceases to be true and correct.

All bolded terms relating to the **New Issue Rule** or the **PUBLIC OFFERING Allocation Rule** are defined in Annex A. **SECTION A. NEW ISSUE RULE (FINRA RULE 5130) (CHECK ONE BOX ONLY)**

The undersigned hereby certifies, on behalf of each account for which it purchases new issues on or after the date hereof, that:

☐ The account(s) is eligible to purchase new issues either because no restricted person (which includes those accounts that satisfy a general exemption listed on Annex A and/or, are not restricted persons based on the definition in Annex A) holds a beneficial interest in the account(s), or because the account(s) has implemented procedures to reduce the beneficial interests of all restricted persons with respect to new issues to below in the aggregate 10%, and the undersigned hereby represents that it will follow such procedures in connection with the purchase by the account(s) of all new issues; **OR**

☐ The undersigned is a conduit (such as a bank, foreign bank, broker/dealer or investment adviser) and all purchases of new issues are, and will be, in compliance with the New Issue Rule. If the beneficial interests of all restricted persons in any one account(s) exceeds in the aggregate 10% of the account(s) but the account(s) has implemented procedures to reduce the beneficial interest of all restricted persons with respect to new issues to below in the aggregate 10%, the undersigned hereby represents that it will follow such procedures in connection with the purchase by the account(s) of all new issues.

SECTION B. PUBLIC OFFERING ALLOCATION RULE (FINRA RULE 5131)

The undersigned hereby certifies, on behalf of each account for which it purchases new issues on or after the date hereof, that: The account(s) is eligible to purchase new issues either because:

(i) No person that holds a beneficial interest in the account(s) is a Covered Person OR

(ii) The account(s) is eligible to purchase new issues because the account(s) (A) meets a general exemption (See Annex A), or (B) has implemented procedures to reduce the beneficial interests of all Covered Persons of a particular company with respect to new issues to in the aggregate below 25%, and the undersigned hereby represents that it will follow such procedures in connection with the purchase by the account(s) of all new issues.

For purposes of clause (ii) above, the undersigned is entitled to presume that any beneficial interests in an account held by a Qualifying Private Fund (except for interests of beneficial owners that are control persons of the investment adviser to that Qualifying Private Fund) are not held by a Covered Person.

The undersigned hereby certifies that the undersigned is authorized to provide this Certification and that the undersigned, or an authorized representative of the account, will promptly notify Boustead Securities in the event this Certification ceases to be true and correct. In connection to the U.S. Securities & Exchange Commission's electronic delivery of information requirements, the undersigned agrees to receive electronic mail for the purpose of recertifying this Certification through negative consent and to notify Boustead Securities in writing if the undersigned does not agree to receive such communications.

Institution Name	**Address, City, State, Zip**	
Name of Authorized Signatory	**Date (mm/dd/yy)**	**Tax ID / EIN / Reg No**
Title of Authorized Signatory	**Telephone**	
Signature of Authorized Signatory	**Email Address**	

SECTION C. Investor Representations.

1. Investor represents that it has received (or otherwise had access to the electronic filing on the SEC website) the Prospectus prior to or in connection with receipt of this Agreement.

2. Investor represents that it understands and acknowledges that Investor's subscription for the Shares indicated on the Signature Page hereto may be accepted or rejected in whole or in part by the Company, for any reason and in their sole and absolute discretion.

Exhibit 10.39

OFFERING DEPOSIT ACCOUNT AGENCY AGREEMENT

This **OFFERING DEPOSIT ACCOUNT AGENCY AGREEMENT** (this "**Agreement**") dated as of this 3rd day of November 2018, by and among **APTORUM GROUP LIMITED**, a Cayman Islands company (the "**Company**"), having an address at 17th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong, Boustead Securities, LLC, serving as the representative of the underwriters (the "**Representative**"), having an address at 6 Venture, Suite 265, Irvine CA 92618, and **FINTECH CLEARING, LLC** (the "**Deposit Account Agent**"), a Delaware limited liability company and FINRA registered broker/dealer having an office at 6 Venture, Suite 265, Irvine, CA 92618. All capitalized terms not herein defined shall have the meaning ascribed to them in that certain Prospectus, contained in a registration statement on Form F-1 filed by the Company with the Securities and Exchange Commission, including all attachments, schedules and exhibits thereto, as amended from time to time (the "**Prospectus**").

W I T N E S S E T H:

WHEREAS, pursuant to the terms of the Prospectus, the Company desires to sell (the "**Offering**") a minimum of $10,000,000 (the "**Minimum Amount**") and a maximum of $30,000,000 (the "**Maximum Amount**") of its Class A ordinary shares (the "**Shares**"). Each Share is being sold at a price of $14.50 - $16.50 per Share, with a minimum investment of 100 Shares (which minimum investment may be waived by Company); and

WHEREAS, unless the Minimum Amount is sold by 180 days from the effective date (the "**Effective Date**") of the Prospectus (and for a period of up to 45 additional days if extended by agreement of the Company and the Underwriter) (the "**Termination Date**"), unless extended by an Extension Notice (defined below in Section 2(b), the Offering shall terminate and all funds shall be returned to the subscribers in the Offering. If the Minimum Amount is met, the Offering may continue, and one or more closings may be conducted on or prior to the Termination Date (including any extension thereof); and

WHEREAS, the Company and Representative desire to establish a Deposit Account with the Deposit Account Agent into which the Company and Representative shall instruct all the subscribers (the "**Investors**") to arrange wire transfers for the payment of money made payable to the order of "Fintech Clearing as Agent for the Investors in APTORUM GROUP LIMITED," and Deposit Account Agent is willing to accept the wire transfers for the payment of money in accordance with the terms hereinafter set forth; and

WHEREAS, the Company, as issuer, and Representative, as an introducing broker-dealer, represent and warrant to the Deposit Account Agent that they will comply with all of their respective obligations under applicable state and federal securities laws and regulations with respect to sale of the Offering; and

WHEREAS, the Company and Representative represent and warrant to the Deposit Account Agent that they have not stated to any individual or entity that the Deposit Account Agent's duties will include anything other than those duties stated in this Agreement; and

WHEREAS, the Company and Representative warrant to the Deposit Account Agent that a copy of each document that has been delivered to Investors and third parties that include Deposit Account Agent's name and duties, has been attached hereto as Schedule I.

NOW, THEREFORE, IT IS AGREED as follows:

1. Delivery of Escrow Funds.

(a) Representative and the Company shall instruct Investors to make wire transfer to Fintech Clearing, 6 Venture, Suite 265, Irvine, CA 92618, ABA No. 122242869 for credit to Fintech Clearing as Agent for the Investors in APTORUM GROUP LIMITED, Account No. _____, in each case, with the name and address of the individual or entity making payment. In the event any Investor's address is not provided to Deposit Account Agent by the Investor, then Representative and/or the Company agree to promptly provide Deposit Account Agent with such information in writing. The wire transfers shall be deposited into a non interest-bearing account at Pacific Mercantile Bank entitled "Fintech Clearing as Agent for the Investors in APTORUM GROUP LIMITED" (the "**Deposit Account**").

(b) The collected funds deposited into the Deposit Account are referred to as the "**Escrow Funds**."

(c) No payments may be made by check in connection with Escrow Funds and the Deposit Account Agent shall have no duty or responsibility to enforce the collection or demand payment of any funds deposited into the Deposit Account. Any check received by the Deposit Account Agent shall be to returned to the Investor and the Deposit Account Agent shall advise the Company and Representative promptly.

2. Release of Escrow Funds. The Escrow Funds shall be paid by the Deposit Account Agent in accordance with the following:

(a) In the event that the Company and Representative advise the Deposit Account Agent in writing that the Offering has been terminated (the "**Termination Notice**"), the Deposit Account Agent shall promptly return the funds paid by each Investor to said Investor without interest or offset.

(b) If prior to 3:00 P.M. Eastern time on the Termination Date, the Deposit Account Agent receives written notice, in the form of Exhibit A, attached hereto and made a part hereof, and signed by the Company and Representative, stating that the Termination Date has been extended for an additional 45 days (the "**Extension Notice**"), then the Termination Date shall be so extended.

(c) Reserved.

(d) Provided that the Deposit Account Agent does not receive the Termination Notice in accordance with Section 2(a) and there is the Minimum Amount deposited into the Deposit Account on or prior to later of the Termination Date or the date stated in the Extension Notice, if any, received by the Deposit Account Agent in accordance with Section 2(b) above, the Deposit Account Agent shall, upon receipt of written instructions, in the form of Exhibit B, attached hereto and made a part hereof, or in a form and substance satisfactory to the Deposit Account Agent, received from the Company and Representative, pay the Escrow Funds in accordance with such written instructions, such payment or payments to be made by wire transfer within one (1) business day of receipt of such written instructions. Such instructions must be received by the Deposit Account Agent no later than 3:00 PM Eastern Time on a Banking Day for the Deposit Account Agent to process such instructions that Banking Day.

(e) If by 3:00 P.M. Eastern time on the later of the Termination Date or the date stated in the Extension Notice, if any, that the Deposit Account Agent has received in accordance with Section 2(b) above, the Deposit Account Agent has not received written instructions from the Company and Representative regarding the disbursement of the Escrow Funds or the total amount of the Escrow Funds is less than the Minimum Amount, then the Deposit Account Agent shall promptly return the Escrow Funds to the Investors without interest or offset. The Escrow Funds returned to each Investor shall be free and clear of any and all claims of the Deposit Account Agent.

(f) The Deposit Account Agent shall not be required to pay any uncollected funds or any funds that are not available for withdrawal.

(g) If the Termination Date (including any extension thereof) or any date that is a deadline under this Agreement for giving the Deposit Account Agent notice or instructions or for the Deposit Account Agent to take action is not a Banking Day, then such date shall be the Banking Day that immediately preceding that date. A "**Banking Day**" is any day other than a Saturday, Sunday or a day that a New York State chartered bank is not legally obligated to be opened.

3. Acceptance by Deposit Account Agent. The Deposit Account Agent hereby accepts and agrees to perform its obligations hereunder, provided that:

(a) The Deposit Account Agent may act in reliance upon any signature believed by it to be genuine, and may assume that any person who has been designated by Representative or the Company to give any written instructions, notice or receipt, or make any statements in connection with the provisions hereof has been duly authorized to do so. Deposit Account Agent shall have no duty to make inquiry as to the genuineness, accuracy or validity of any statements or instructions or any signatures on statements or instructions. The names and true signatures of each individual authorized to act singly on behalf of the Company and Representative are stated in Schedule II, which is attached hereto and made a part hereof. The Company and Representative may each remove or add one or more of its authorized signers stated on Schedule II by notifying the Deposit Account Agent of such change in accordance with this Agreement, which notice shall include the true signature for any new authorized signatories.

(b) The Deposit Account Agent may act relative hereto in reliance upon advice of counsel in reference to any matter connected herewith. The Deposit Account Agent shall not be liable for any mistake of fact or error of judgment or law, or for any acts or omissions of any kind, unless caused by its willful misconduct or gross negligence.

(c) Representative and the Company agree to indemnify and hold the Deposit Account Agent harmless from and against any and all claims, losses, costs, liabilities, damages, suits, demands, judgments or expenses (including but not limited to reasonable attorney's fees) claimed against or incurred by Deposit Account Agent arising out of or related, directly or indirectly, to this Escrow Agreement unless caused by the Deposit Account Agent's gross negligence or willful misconduct.

(d) In the event that the Deposit Account Agent shall be uncertain as to its duties or rights hereunder, the Deposit Account Agent shall be entitled to (i) refrain from taking any action other than to keep safely the Escrow Funds until it shall be directed otherwise by a court of competent jurisdiction, or (ii) deliver the Escrow Funds to a court of competent jurisdiction.

(e) The Deposit Account Agent shall have no duty, responsibility or obligation to interpret or enforce the terms of any agreement other than Deposit Account Agent's obligations hereunder, and the Deposit Account Agent shall not be required to make a request that any monies be delivered to the Deposit Account, it being agreed that the sole duties and responsibilities of the Deposit Account Agent shall be to the extent not prohibited by applicable law (i) to accept wire transfers delivered to the Deposit Account Agent for the Deposit Account and deposit said wire transfers into the non-interest bearing Deposit Account, and (ii) to disburse or refrain from disbursing the Escrow Funds as stated above.

4. Deposit Account Statements and Information. The Deposit Account Agent agrees to send to the Company and/or the Representative a copy of the Deposit Account periodic statement, upon request in accordance with the Deposit Account Agent's regular practices for providing account statements to its non-escrow clients and to also provide the Company and/or Representative, or their designee, upon request other deposit account information, including Deposit Account balances, by telephone or by computer communication, to the extent practicable. The Company and Representative agree to complete and sign all forms or agreements required by the Deposit Account Agent for that purpose. The Company and Representative each consent to the Deposit Account Agent's release of such Deposit Account information to any of the individuals designated by Company or Representative, which designation has been signed in accordance with Section 3(a) by any of the persons in Schedule II. Further, the Company and Representative have an option to receive e-mail notification of incoming and outgoing wire transfers. If this e-mail notification service is requested and subsequently approved by the Deposit Account Agent, the Company and Representative agrees to provide a valid e-mail address and other information necessary to set-up this service and sign all forms and agreements required for such service. The Company and Representative each consents to the Deposit Account Agent's release of wire transfer information to the designated e-mail address(es). The Deposit Account Agent's liability for failure to comply with this section shall not exceed the cost of providing such information.

5. Resignation and Termination of the Deposit Account Agent. The Deposit Account Agent may resign at any time by giving 30 days' prior written notice of such resignation to Representative and the Company. Upon providing such notice, the Deposit Account Agent shall have no further obligation hereunder except to hold as depositary the Escrow Funds that it receives until the end of such 30-day period. In such event, the Deposit Account Agent shall not take any action, other than receiving and depositing Investors wire transfers in accordance with this Agreement, until the Company has designated a banking corporation, trust company, attorney or other person as successor. Upon receipt of such written designation signed by Representative and the Company, the Deposit Account Agent shall promptly deliver the Escrow Funds to such successor and shall thereafter have no further obligations hereunder. If such instructions are not received within 30 days following the effective date of such resignation, then the Deposit Account Agent may deposit the Escrow Funds held by it pursuant to this Agreement with a clerk of a court of competent jurisdiction pending the appointment of a successor. In either case provided for in this Section, the Deposit Account Agent shall be relieved of all further obligations and released from all liability thereafter arising with respect to the Escrow Funds.

6. Termination. Except as otherwise specifically provided herein, this Agreement shall terminate on the later of the final closing date of the Offering or the Termination Date, as applicable (except with respect to provisions hereof which are specially intended to survive such termination). The Company and Representative may terminate the appointment of the Deposit Account Agent hereunder upon written notice specifying the date upon which such termination shall take effect, which date shall be at least 30 days from the date of such notice. In the event of such termination, the Company and Representative shall, within 30 days of such notice, appoint a successor Deposit Account Agent and the Deposit Account Agent shall, upon receipt of written instructions signed by the Company and Representative, turn over to such successor Deposit Account Agent all of the Escrow Funds; *provided*, *however*, that if the Company and Representative fail to appoint a successor Deposit Account Agent within such 30-day period, such termination notice shall be null and void and the Deposit Account Agent shall continue to be bound by all of the provisions hereof. Upon receipt of the Escrow Funds, the successor Deposit Account Agent shall become the Deposit Account Agent hereunder and shall be bound by all of the provisions hereof and Deposit Account Agent shall be relieved of all further obligations and released from all liability thereafter arising with respect to the Escrow Funds and under this Agreement.

7. Investment. All funds received by the Deposit Account Agent shall be held only in non-interest bearing bank accounts at Pacific Mercantile Bank.

8. Compensation. Deposit Account Agent shall be entitled, for the duties to be performed by it hereunder, to a fee of $4,500.00, which fee shall be paid by the Company upon the signing of this Agreement. In addition, the Company shall be obligated to reimburse Deposit Account Agent for all fees, costs and expenses incurred or that become due in connection with this Agreement or the Deposit Account, including reasonable attorney's fees. Neither the modification, cancellation, termination or rescission of this Agreement nor the resignation or termination of the Deposit Account Agent shall affect the right of Deposit Account Agent to retain the amount of any fee which has been paid, or to be reimbursed or paid any amount which has been incurred or becomes due, prior to the effective date of any such modification, cancellation, termination, resignation or rescission. To the extent the Deposit Account Agent has incurred any such expenses, or any such fee becomes due, prior to any closing, the Deposit Account Agent shall advise the Company and the Company shall direct all such amounts to be paid directly at any such closing.

9. Notices. All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if sent by hand-delivery, by facsimile (followed by first-class mail), by nationally recognized overnight courier service or by prepaid registered or certified mail, return receipt requested, to the addresses set forth below:

If to Representative:

Boustead Securities, LLC
6 Venture, Suite 265,
Irvine CA 92618
Attention: Keith Moore, CEO
Email: keith@boustead1828.com
Fax: +1 815 301 8099

With a copy to:

Elizabeth F. Chen, Esq.
Pryor Cashman LLP
7 Times Square
New York, NY 10036
Email: EChen@PRYORCASHMAN.com

If to the Company:

Aptorum Group Limited
17th Floor, Guangdong Investment Tower
148 Connaught Road Central
Hong Kong
Telephone: +852 2117 6611
Attention: Darren Lui (President) & Sabrina Khan (CFO)
Email: darren.lui@aptorumgroup.com
sabrina.khan@aptorumgroup.com

With a copy to:

Louis Taubman, Esq.
Arila Er Zhou, Esq.
Hunter Taubman Fischer & Li LLC
1450 Broadway, 26th Floor
New York, NY 10018
Email: ltaubman@htflawyers.com

If to Deposit Account Agent:

Fintech Clearing, LLC
6 Venture, Suite 265,
Irvine, CA 92618
Attention: Brian Park, President
Email: brian@fintechclearing.com
Fax: (310) 504-3704

10. General.

(a) This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York applicable to agreements made and to be entirely performed within such State, without regard to choice of law principles and any action brought hereunder shall be brought in the courts of the State of New York, located in the County of New York. Each party hereto irrevocably waives any objection on the grounds of venue, forum nonconveniens or any similar grounds and irrevocably consents to service of process by mail or in any manner permitted by applicable law and consents to the jurisdiction of said courts. EACH OF THE PARTIES HERETO HEREBY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

(b) This Agreement sets forth the entire agreement and understanding of the parties with respect to the matters contained herein and supersedes all prior agreements, arrangements and understandings relating thereto.

(c) All of the terms and conditions of this Agreement shall be binding upon, and inure to the benefit of and be enforceable by, the parties hereto, as well as their respective successors and assigns.

(d) This Agreement may be amended, modified, superseded or canceled, and any of the terms or conditions hereof may be waived, only by a written instrument executed by each party hereto or, in the case of a waiver, by the party waiving compliance. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver of any party of any condition, or of the breach of any term contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term of this Agreement. No party may assign any rights, duties or obligations hereunder unless all other parties have given their prior written consent.

(e) If any provision included in this Agreement proves to be invalid or unenforceable, it shall not affect the validity of the remaining provisions.

(f) This Agreement and any modification or amendment of this Agreement may be executed in several counterparts or by separate instruments and all of such counterparts and instruments shall constitute one agreement, binding on all of the parties hereto.

11. Form of Signature. The parties hereto agree to accept a facsimile or email transmission copy of their respective actual signatures as evidence of their actual signatures to this Agreement and any modification or amendment of this Agreement; *provided*, *however*, that each party who produces a facsimile or email signature agrees, by the express terms hereof, to place, promptly after transmission of his or her signature by fax or email, a true and correct original copy of his or her signature in overnight mail to the address of the other party.

12. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties and their respective successors and permitted assigns, and no other person has any right, benefit, priority, or interest under or because of the existence of this Agreement.

[SIGNATURES FOLLOW ON THE NEXT PAGE]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first set forth above.

Aptorum Group Limited

By: /s/ Ian Huen
Name: Ian Huen
Title: CEO

Boustead Securities, LLC

By: /s/ Keith Moore
Name: Keith Moore
Title: CEO

FINTECH CLEARING, LLC

By: /s/ Brian Park
Name: Brian Park
Title: President

Schedule I

OFFERING DOCUMENTS

As attached.

Schedule II

The Deposit Account Agent is authorized to accept instructions signed or believed by the Deposit Account Agent to be signed by any one of the following on behalf of the Company and Representative.

Aptorum Group Limited

Name	True Signature

Boustead Securities, LLC

Name	True Signature

Exhibit A

EXTENSION NOTICE

Date:

Fintech Clearing, LLC
[address of financial center]

Attention: *[name & title of Group Director]*

Dear _____:

In accordance with the terms of Section 2(b) of an Offering Deposit Account Agency Agreement dated ___ _____, by and among [*insert Company's full legal name*] (the "Company"), [*insert Representative's full legal name*] ("Representative"), and Fintech Clearing, LLC (the "Deposit Account Agent"), the Company and Representative hereby notifies the Deposit Account Agent that the Termination Date has been extended to _____ __, 20__.

Very truly yours,

[*insert Company's full legal name*]

By: _____
Name: _____
Title: _____

[*insert Representative's full legal name*]

By: _____
Name: _____
Title: _____

Exhibit B

FORM OF ESCROW RELEASE NOTICE

Date:

Fintech Clearing, LLC
[address of financial center]
_____
Attention: *[name & title of Group Director]*

Dear _____:

In accordance with the terms of Section 2(d) of an Offering Deposit Account Agency Agreement dated as of _____ __, 20__ (the "Deposit Account Agreement"), by and between _____ (the "Company"), Fintech Clearing, LLC (the "Deposit Account Agent") and _____. ("Representative"), the Company and Representative hereby notify the Deposit Account Agent that the _____ closing will be held on _____ for gross proceeds of $_____.

PLEASE DISTRIBUTE FUNDS BY WIRE TRANSFER AS FOLLOWS (wire instructions attached):

_____: $

_____: $

_____: $

Very truly yours,

[*insert Company's full legal name*]

By: _____
Name: _____
Title: _____

[*insert Representative's full legal name*]

By: _____
Name: _____
Title: _____

Exhibit 23.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Registration Statement of Aptorum Group Limited (formally known as APTUS Holdings Limited and STRIKER ASIA OPPORTUNITIES FUND CORPORATION, the "Company") on Form F-1 Amendment No. 2 (File Number 333-227198) of our report dated July 13, 2018, with respect to our audits of the statements of net assets (predecessor basis) including the schedule of portfolio investments of the "Company" as of December 31, 2016 and February 28, 2017, and the related statements (predecessor basis) of operations, changes in net assets, and cash flows for the year ended December 31, 2016, the statements (predecessor basis) of operations, changes in net assets, and cash flows for the period January 1, 2017 through February 28, 2017, the consolidated balance sheet (successor basis) as of December 31, 2017, the related consolidated statements (successor basis) of operations and comprehensive loss, stockholders' equity and cash flows for the period March 1, 2017 through December 31, 2017, and the related notes (collectively referred to as the "financial statements"), which report appears in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our Firm under the heading "Experts" in such Prospectus.

/s/ Marcum Bernstein & Pinchuk LLP

Marcum Bernstein & Pinchuk LLP
New York, New York
November 14, 2018