ANTENGENE

德琪醫藥有限公司
Antengene Corporation Limited

2021

ANNUAL REPORT

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6996

CONTENTS

Corporate Information	2
Financial Highlights	4
Business Highlights	6
Chairman's Statement	12
Management Discussion and Analysis	14
Directors and Senior Management	30
Report of Directors	36
Corporate Governance Report	59
Environmental, Social and Governance Report	75
Independent Auditor's Report	112
Consolidated Statement of Profit or Loss	117
Consolidated Statement of Comprehensive Income	118
Consolidated Statement of Financial Position	119
Consolidated Statement of Changes In Equity	120
Consolidated Statement of Cash Flows	121
Notes to Financial Statements	123

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Jay Mei *(Chairman and Chief Executive Officer)*
Mr. John F. Chin *(Chief Business Officer)*
Mr. Donald Andrew Lung *(Chief Financial Officer)*
(appointed on June 18, 2021)
Dr. Kevin Patrick Lynch *(Chief Medical Officer)*
(appointed on June 18, 2021)
Mr. Yiteng Liu *(Chief Operating Officer)*
(retired on June 18, 2021)

Non-executive Directors

Mr. Yilun Liu (appointed on December 16, 2021)
Dr. Kan Chen (appointed on March 26, 2021)
Mr. Yanling Cao (resigned on December 16, 2021)
Mr. Zhen Li (retired on June 18, 2021)
Mr. Xubo Hu (resigned on March 26, 2021)

Independent Non-executive Directors

Mr. Mark J. Alles
Ms. Jing Qian
Mr. Sheng Tang

AUDIT COMMITTEE

Mr. Sheng Tang *(Chairman)*
Mr. Mark J. Alles
Ms. Jing Qian

REMUNERATION COMMITTEE

Ms. Jing Qian *(Chairwoman)*
Dr. Jay Mei
Mr. Mark J. Alles

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Mark J. Alles *(Chairman)*
Dr. Jay Mei
Ms. Jing Qian

AUTHORIZED REPRESENTATIVES

Dr. Jay Mei
Mr. Donald Andrew Lung

JOINT COMPANY SECRETARIES

Mr. Yang Cao
Mr. Keith Shing Cheung Wong
(resigned on March 30, 2022)
Mr. Daniel Wai Chiu Wong
(appointed on March 30, 2022)

REGISTERED OFFICE

The offices of Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICES AND PRINCIPAL PLACES OF BUSINESS IN CHINA

Suites 1206-1209, Block B
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1065 West Zhongshan Road
Changning District
Shanghai
PRC

Building 10, Life Science Industrial Park
1 Yunhai Road
Lihai Town, Binhai New City
Shaoxing, Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room No. 901, 9th Floor, Nan Fung Tower
88 Connaught Road Central and
173 Des Voeux Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

CORPORATE INFORMATION

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

HONG KONG LEGAL ADVISER

Davis Polk & Wardwell
18/F, The Hong Kong Club Building
3A Chater Road
Hong Kong

COMPLIANCE ADVISOR

Rainbow Capital (HK) Limited
Room 5B, 12/F, Tung Ning Building
No. 2 Hillier Street
Sheung Wan
Hong Kong

PRINCIPAL BANKERS

China Merchants Bank Shanghai Branch
No.161, Lu Jia Zui Dong Rd
Pudong New District Shanghai
PRC

AUDITOR

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

STOCK CODE

6996

COMPANY WEBSITES

www.antengene.com
www.antengene.cn

KEY DATES

Date of Listing
November 20, 2020

Annual General Meeting
June 1, 2022

* If there is any inconsistency between the English version and the Chinese translation of this annual report, the English version shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in the English version that are not in the English language and their English translations, the names in their respective original languages shall prevail.

FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Group for the last four*** financial years, as extracted from the audited financial information and financial statements, is set out below:

	Year ended December 31,			
	2018	2019	2020	**2021**
	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	–	–	–	**28,769**
Other income and gains	9,464	52,946	26,834	**42,567**
Research and development costs	(115,768)	(115,792)	(347,655)	**(405,029)**
Selling and distribution expenses	–	–	(455)	**(67,941)**
Administrative expenses	(24,275)	(39,349)	(154,221)	**(169,463)**
Fair value loss on convertible redeemable preferred shares*	–	(214,549)	(2,356,271)	**–**
Loss for the year	(145,952)	(323,787)	(2,928,921)	**(655,529)**
Total comprehensive loss for the year	(145,952)	(323,787)	(2,928,921)	**(639,490)**
Adjusted loss for the year**	(145,952)	(109,236)	(454,958)	**(613,444)**

* This represents the loss on the fair value changes of convertible redeemable preferred shares, a non-cash and one-time adjustment recognized upon listing as required under the International Financial Reporting Standards ("**IFRS**").

** Adjusted loss for the year is not defined under the IFRS. It represents the loss for the year excluding the effect brought by equity-settled share option expense, share issue expenses and fair value loss on convertible redeemable preferred shares.

	As at December 31,			
	2018	2019	2020	**2021**
	RMB'000	RMB'000	RMB'000	**RMB'000**
Total current assets	77,130	755,603	3,128,023	**2,412,568**
Total non-current assets	3,284	4,180	66,378	**145,040**
Total current liabilities	68,744	44,941	150,601	**159,362**
Total non-current liabilities	170,272	1,272,453	5,992	**3,933**
Total (deficit)/equity	(158,602)	(557,611)	3,037,808	**2,394,313**

*** The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited under Chapter 18A of the Listing Rule on November 20, 2020.

IFRS MEASURES:

Our revenue increased from nil for the year ended December 31, 2020 to RMB28.8 million for the year ended December 31, 2021, primarily attributable to the increase in revenue from our Named Patient Program.

Our other income and gains increased by RMB15.8 million from RMB26.8 million for the year ended December 31, 2020 to RMB42.6 million for the year ended December 31, 2021, primarily attributable to the increase in government grants and bank interest income.

FINANCIAL HIGHLIGHTS

Our research and development costs increased by RMB57.3 million from RMB347.7 million for the year ended December 31, 2020 to RMB405.0 million for the year ended December 31, 2021, primarily attributable to our increased drug development expenses and expansion of R&D personnel, which was partially offset by our decreased licensing fees and equity-settled share option expense.

Our selling and distribution expenses increased by RMB67.4 million from RMB0.5 million for the year ended December 31, 2020 to RMB67.9 million for the year ended December 31, 2021, primarily attributable to the increase in employee costs and professional fees incurred for activities associated with marketing and sales related to preparations to commercialize our lead product, selinexor, in Greater China, and other countries/regions.

Our administrative expenses increased by RMB15.3 million from RMB154.2 million for the year ended December 31, 2020 to RMB169.5 million for the year ended December 31, 2021, primarily attributable to our increased professional fees and expansion of administrative personnel, which was partially offset by our decreased listing expenses and equity-settled share option expense.

Fair value loss on convertible redeemable preferred shares decreased from RMB2,356.3 million for the year ended December 31, 2020 to nil for the year ended December 31, 2021, as the Group had no preferred shares outstanding as at December 31, 2021.

The loss for the year decreased by RMB2,273.4 million from RMB2,928.9 million for the year ended December 31, 2020 to RMB655.5 million for the year ended December 31, 2021, primarily attributable to the decrease in the fair value loss on convertible redeemable preferred shares of RMB2,356.3 million.

NON-IFRS MEASURES:

Research and development costs excluding the equity-settled share option expense increased by RMB79.0 million from RMB303.7 million for the year ended December 31, 2020 to RMB382.7 million for the year ended December 31, 2021, primarily attributable to our increased drug development expenses and expansion of R&D personnel, which was partially offset by our decreased licensing fees.

Selling and distribution expenses excluding the equity-settled share option expense increased by RMB65.4 million from RMB0.5 million for the year ended December 31, 2020 to RMB65.9 million for the year ended December 31, 2021, primarily attributable to the increase in employee costs and professional fees incurred for activities associated with marketing and sales related to preparations to commercialize our lead product, selinexor, in Greater China, and other countries/regions.

Administrative expenses excluding the equity-settled share option expense and share issue expenses increased by RMB71.2 million from RMB80.5 million for the year ended December 31, 2020 to RMB151.7 million for the year ended December 31, 2021, primarily attributable to the increase in employee costs and professional fees.

Loss for the year excluding the effect brought by equity-settled share option expense, share issue expenses and fair value loss on convertible redeemable preferred shares increased by RMB158.4 million from RMB455.0 million for the year ended December 31, 2020 to RMB613.4 million for the year ended December 31, 2021, primarily due to the increase in administrative expenses, research and development costs and selling and distribution expenses.

BUSINESS HIGHLIGHTS

During the year ended December 31, 2021, and as at the Latest Practicable Date, significant advancement has been made with respect to our product pipeline and business operations:

LATE-STAGE ASSETS:

– Selinexor (ATG-010, XPOVIO®, Greater China brand name 希維奧®, first-in-class XPO1 inhibitor)

- In January 2021, we received the approval of the investigational new drug ("**IND**") application by the National Medical Products Administration ("**NMPA**") for selinexor in combination with rituximab, gemcitabine, dexamethasone and platinum ("**SR- GDP**") for the treatment of relapsed or refractory diffuse large B-cell lymphoma (rrDLBCL) in a global Phase II/III study (the "**XPORT-DLBCL-030 trial**") and we dosed the first patient in China in December 2021.

- In January 2021, the NMPA accepted the New Drug Application ("**NDA**") for ATG- 010 (Selinexor, XPOVIO®), a first-in-class oral selective inhibitor of nuclear export (SINE) compound, for the treatment of patients with relapsed/refractory multiple myeloma (rrMM). On February 24, 2021, the NMPA granted priority review to the NDA for ATG-010.

- In May 2021, we received the approval of IND application by NMPA for a Phase III clinical trial designed to evaluate the safety and efficacy of selinexor as a maintenance therapy for patients with advanced or recurrent endometrial cancer (the "**SIENDO trial**") and we dosed the first patient in China in November 2021.

- In May 2021, multiple selinexor (ATG-010) regimens were added by Chinese Society of Clinical Oncology (CSCO) to its 2021 Diagnosis and Treatment Guidelines (CSCO Guidelines) for treatment of multiple myeloma and lymphoma. Three selinexor regimens recommended by the Guideline for the Diagnosis and Treatment of myeloma include: (i) selinexor plus dexamethasone; (ii) selinexor plus dexamethasone plus bortezomib; and (iii) selinexor plus dexamethasone plus pomalidomide for the treatment of relapsed myeloma. Meanwhile, the guideline has also recommended selinexor for the treatment of rrDLBCL.

- In June 2021, we announced that the results from the Phase II MARCH trial of selinexor plus low dose dexamethasone (the Sd regimen) for the treatment of Chinese patients with rrMM had been published at the 2021 American Society of Clinical Oncology (ASCO) Annual Meeting and the 2021 European Hematology Association (EHA) Virtual Congress. Data from a planned analysis of the first 60 treated patients with a median follow-up of 9.5 months demonstrates an overall response rate (ORR) of 26.7%. Meanwhile, an ORR of 33.3% was achieved with the Sd regimen in triple-class-exposed (IMiDs, PIs and anti-CD38 mAb) patients, and an ORR of 44.4% was achieved in patients that previously received CAR-T therapies. In Chinese patients that were refractory to both immunomodulatory agents (IMiDs) and proteasome inhibitors (PIs), results from the MARCH trial have confirmed the efficacy and manageable safety profile of the Sd regimen, which is consistent with that observed in the STORM trial, the data from which supported the accelerated approval of selinexor by the U.S. Food and Drug Administration ("**FDA**").

BUSINESS HIGHLIGHTS

- In July 2021, we submitted an NDA to Taiwan Food and Drug Administration ("**TFDA**") for selinexor for three indications: in combination with bortezomib and dexamethasone, or in combination with dexamethasone for the treatment of patients with relapsed and/or refractory multiple myeloma; and as monotherapy in adult patients with relapsed and/or refractory diffuse large B-cell lymphoma, including DLBCL arising from follicular lymphoma, after at least two lines of systemic therapy. This is the sixth NDA for ATG-010 submitted by Antengene, after the five NDAs submitted in Mainland China, Australia, South Korea, Singapore and Hong Kong.

- In July 2021, through a priority review process, the South Korean Ministry of Food and Drug Safety ("**MFDS**") approved the Company's NDA for selinexor, in combination with dexamethasone for the treatment of adult patients with relapsed or refractory multiple myeloma who have received at least four prior therapies and whose disease is refractory to at least two proteasome inhibitors, at least two immunomodulatory agents, and an anti-CD38 monoclonal antibody (penta-refractory); and as a monotherapy for the treatment of adult patients with relapsed/refractory diffuse large B-cell lymphoma who have received at least two prior lines of treatment. This is the first NDA approval of ATG-010.

- In July 2021, we dosed the first patient in the Phase III study of selinexor in combination with bortezomib and dexamethasone vs. bortezomib and dexamethasone (SVd vs. Vd) in mainland China (the "**BENCH trial**").

- In August 2021, we received the approval of the IND application for a Phase II study designed to evaluate the safety and efficacy of selinexor in the treatment of patients with myelofibrosis in China.

- In October 2021, we received the approval of the IND application by the NMPA for selinexor in combination with ATG-008 (onatasertib) for the treatment of rrDLBCL in a Phase Ib clinical study (the "**MATCH trial**").

- In November 2021, we received the approval of the IND application by the NMPA for selinexor in combination with lenalidomide plus rituximab ("**S-R2**") for the treatment of relapsed/refractory indolent non-Hodgkin lymphoma ("**rriNHL**") in a Phase I/II clinical study (the "**SWATCH trial**").

- In December 2021, selinexor received conditional approval for marketing by the NMPA, applicable in combination with dexamethasone for the treatment of adults with rrMM who have received prior therapy including a proteasome inhibitor, an immunomodulatory agent and an anti-CD38 monoclonal antibody.

- In December 2021, we submitted supplemental NDA ("**sNDA**") to MFDS for selinexor in combination with bortezomib and dexamethasone indicated for the treatment of adult patients with multiple myeloma who have received at least one prior therapy.

- Additionally, in December 2021, we announced that the results from the Phase Ib TOUCH trial of selinexor plus gemcitabine-oxaliplatin ("**GemOx**") for the treatment of Chinese patients with for the treatment of relapsed/refractory (R/R) T and NK-Cell lymphoma are published at the 2021 American Society of Hematology (ASH) Annual Meeting. Data from a planned analysis of the first 26 treated patients demonstrates an overall response rate (ORR) of 46.2%, with CR rate (CRR) of 26.9%, and median PFS of 2.7 months (mos). ORR for PTCL-NOS and ENKTL subgroups reached 53.8% and 57.1%, CR of 30.8% and 28.6%, and median PFS of 4.4 mos and 4.7 mos, respectively. Fifty percent pts had ≥3 lines of prior treatment, and 57% pts had prior exposure to a gemcitabine-based regimen.

– Onatasertib (ATG-008, mTORC1/2 inhibitor)

- In February 2021, we dosed the first patient in the dose expansion cohort in the Phase I/II study of onatasertib in combination with toripalimab (anti-PD-1 antibody) in mainland China (the "**TORCH-2 trial**").

- In April 2021, we dosed the first patient in the fourth cohort of the Phase II study in patients with hepatocellular carcinoma ("**HCC**") who received at least one line of prior therapy (the "**TORCH trial**").

- In April 2021, we dosed the first patient in a Phase II trial of ATG-008 in patients with advanced solid tumors harboring NFE2L2, STK11, RICTOR and other specific genetic alterations (the "**BUNCH trial**").

OTHER CLINICAL STAGE ASSETS:

– Eltanexor (ATG-016, second generation XPO1 inhibitor)

In May 2021, we dosed the first patient in the Phase I/II clinical study in patients with high-risk myelodysplastic syndrome ("**MDS**") in mainland China (the "**HATCH trial**").

In May 2021, we received NMPA's approval of IND application of a Phase I/II clinical study in patients with solid tumors in mainland China (the "**REACH trial**") and we dosed the first patient in December 2021.

In June 2021, data with eltanexor was published at the ASCO annual meeting, which showed a bone marrow complete response (mCR) in 7 patients (47%) and a total disease control rate (DCR) of 80%, of the 15 efficacy-evaluable patients with MDS refractory to hypomethylating agents.

In January 2022, China NMPA accepted the IND application for a Phase 1/2 open label study designed to evaluate the safety, tolerability and efficacy of eltanexor in patients with newly diagnosed and relapsed/refractory cancer indications. Chinese sites will only participate in the Part F Phase 2 of this study to investigate eltanexor in high-risk MDS patients

BUSINESS HIGHLIGHTS

ATG-019 (dual PAK4/NAMPT inhibitor)

In April 2021, we received NMPA's approval of IND application in mainland China of a Phase I clinical trial to evaluate safety and tolerability of ATG-019 (monotherapy or combined with niacin ER) in patients with advanced solid tumors or non-Hodgkin's lymphoma (the "**TEACH trial**").

ATG-017 (ERK1/2 inhibitor)

The dose-escalation study of ATG-017 for the treatment of advanced solid tumors and hematologic malignancies in Australia (the "**ERASER trial**") is ongoing.

ATG-101 (PD-L1/4-1BB bispecific antibody)

In December 2021, we dosed the first patient in the Phase I clinical study in patients with metastatic/advanced solid tumors and B-cell non-Hodgkin's lymphoma (B-NHL) (the "**PROBE trial**"). We also obtained IND clearance from the U.S. FDA in October 2021 for the PROBE study. In March 2022, China NMPA approved the IND application for a Phase I study of ATG-101 in China.

PRE-CLINICAL STAGE ASSETS:

We made steady progress in our pre-clinical pipeline assets – ATG-037 (CD73 inhibitor), ATG-018 (ATR inhibitor), ATG-022 (Claudin 18.2 antibody-drug conjugate), ATG-012 (KRAS inhibitor), ATG-031 (anti-CD24 monoclonal antibody), ATG-027 (B7H3/PD-L1 bi-specific antibody), ATG-032 (LILRB antibody) and ATG-041 (Axl-Mer inhibitor).

Additionally, the Bellberry Human Research Ethics Committee (HREC) in Australia approved our clinical trial application of the Phase I trial of ATG-037 in patients with locally advanced or metastatic solid tumors in February 2022. We plan to initiate this trial and start patient enrollment in Australia in the first half of 2022.

BUSINESS DEVELOPMENT AND OTHER KEY ACTIVITIES:

- Leveraging our combinatory and complementary R&D strategy and through our strong R&D capabilities and strategic approach in developing novel therapies, we continue to realize our vision of treating patients beyond borders and improving their lives in discovering, developing and commercializing global first-in-class, only-in-class and/or best-in-class therapies.

- In May 2021, we entered into an exclusive, worldwide license agreement for the development and commercialization of CB-708 (ATG-037), Calithera Biosciences, Inc.'s small molecule inhibitor of CD73. Preclinical data presented at the 2019 American Association for Cancer Research (AACR) Annual Meeting and the 2019 Society for Immunotherapy of Cancer (SITC) Annual Meeting demonstrated that CB-708 has immune mediated, single agent activity in syngeneic mouse tumor models. In preclinical studies, CB-708 was well-tolerated and had showed enhanced anti-tumor activity when combined with either an anti-PD-L1 immunotherapy or with chemotherapeutic agents, such as oxaliplatin or doxorubicin. CB-708 has completed GLP toxicology studies and is poised to advance into clinical development.

BUSINESS HIGHLIGHTS

- In October 2021, we entered into a Research Collaboration and License Option Agreement with LegoChem Biosciences, Inc. ("**LCB**", KOSDAQ: 141080) for new antibody-drug conjugates (ADCs). Under this agreement, the two parties will jointly generate and evaluate ADC candidates using Antengene's antibodies and LCB's next generation ADC technology platform. Antengene will have an exclusive option to license global rights for the development and commercialization of the resulting ADC candidates. When the option is exercised, LCB will be eligible to receive upfront and milestone payments, as well as tiered royalties. In addition, LCB is eligible to receive a prespecified percentage of any sublicensing income received by Antengene.

- In December 2021, we entered into a collaboration with XtalPi Inc, a quantum physics- based, AI-powered drug R&D company with the mission to revolutionize drug discovery and development by improving the speed, scale, novelty and success rate, announced today a long-term R&D collaboration. Under terms of the agreement, XtalPi will utilize its integrated artificial intelligence (AI) research and development (R&D) platform comprised of proprietary cloud-supercomputer-powered in silico tools and its highly efficient wet lab to support Antengene's drug discovery and development programs.

- In December 2021, we entered into a clinical trial collaboration to evaluate the safety, pharmacokinetics and preliminary efficacy of ATG-017 in combination with Bristol Myers Squibb's PD-1 checkpoint inhibitor, Opdivo® (nivolumab). The open-label Phase 1/2 trial will evaluate the investigational combination as a potential treatment option for patients with advanced solid tumors.

- Moving forward, we will focus on our dual engine strategy by pursuing in-house discovery as well as strategic partnerships to accelerate value creation of the Company.

- With the official commercial launch of XPOVIO® (selinexor, ATG-010) in mainland China and expected approvals across multiple APAC markets towards the mid of 2022, Antengene has continued to build up its experienced commercial team across China and the APAC region with plans to grow its commercial organization to up to 200 full time employees in functions including in-house marketing, field force, pricing and market access by the end of 2022.

- In March 2021, the Company has been selected as a constituent stock of the Hang Seng Composite Index (HSCI), according to the quarterly review results of the Hang Seng Family of Indexes. Based on the inclusion, the Company has been selected as an eligible stock in the Shenzhen-Hong Kong Stock Connect, effective from March 15, 2021.

- In May 2021, we hosted an inauguration ceremony for our manufacturing center at the Binhai Life Science and Healthcare Industrial Zone in Shaoxing. The completion of the manufacturing center paves the way for our future production of oral medicines and marks a major milestone in our transition into an innovative biopharmaceutical company with integrated capabilities in discovery, development, manufacturing, and commercialization. At this site, Antengene plans to soon initiate the manufacturing of selinexor, the Company's first commercial product.

BUSINESS HIGHLIGHTS

- In May 2021, we entered into a framework agreement with the Hangzhou Qiantang New Area Administrative Committee to build a drug discovery and manufacturing center for antibody biologics, in order to meet the Company's growing need for in-house discovery and to support the Company's commercialization roadmap. This project may involve transactions with various entities in land acquisition and the construction of the facility. This project is expected to be funded by the Company's internal resources, local government subsidies and bank loans.

- In September 2021, Antengene has been included in the FTSE Russell, a leading global index provider, has added Antengene to the following indexes of the FTSE Global Index Series ("**GEIS**"), namely the FTSE Global Small Cap Index, the FTSE Global All Cap Index, and the FTSE Global Total Cap Index, following FTSE's most recent semi-annual review. These inclusions have become effective after the market close on September 17, 2021.

- On November 26, 2021, Antengene has been included in the MSCI Global Small Cap Indexes – MSCI China Index constituent stocks according to the latest semi-annual review results of the world's leading index company MSCI. Relevant adjustments were made after the market closes on November 30, 2021.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of Antengene's Board of Directors, I am pleased to present the Group's annual report for the year ended December 31, 2021.

Despite the challenges of the COVID-19 pandemic, 2021 was a momentous year for Antengene. Antengene was founded to develop first-in-class/best-in-class medicines to treat patients with cancer and other serious diseases beyond borders, worldwide. We are delivering on our vision. We have developed a highly productive, world-class research and development organization that has produced and advanced a portfolio of novel product candidates for cancer. Furthermore, we are making the transition to a commercial-stage company, with the approval of our first product.

Antengene has become a leading global biopharmaceutical company. As Chinese biopharmaceutical companies begin to play a greater/more active role in the global healthcare community, Antengene emerged as a vanguard at a time of major change in the industry. Today, Antengene is well positioned to work seamlessly and effectively, in accordance with regulatory agencies around the world. Innovation is embedded in our organizational DNA and we continue to tap into innovation from all over the world to complement our in-house R&D capability. Antengene is in the process of becoming a fully-integrated biopharma company. At the same time, we remain steadfast in our commitment to have a positive social impact on our employees and the lives of cancer patients and their families.

2021: A HIGHLY FRUITFUL YEAR

Antengene's progress in delivering on its vision to treat patients beyond borders was marked by four significant milestones across the entire organization.

Starting with our transition to commercial organization, we secured our first regulatory approvals for our lead first-in-class/only-in-class product, XPOVIO® (selinexor), across China and 3 Asia-Pacific countries. XPOVIO® (selinexor) has been adopted by the Chinese Society of Clinical Oncology (CSCO) and incorporated into the 2021 Diagnosis and Treatment Guidelines (CSCO Guidelines). Prior to the formal product launch, XPOVIO® (selinexor) achieved strong Named Patient Program utilization by patients in mainland China and Hong Kong; this generated revenue of RMB28.5 million in 2021. We have carefully invested in a commercial team of 170 employees/people with a proven track record of launching and commercializing novel products in China and APAC for a successful launch of XPOVIO® (selinexor).

Second, we significantly advanced our R&D portfolio of potential first-in class/best-in-class clinical programs which are being evaluated in China, Australia and the US. We also delivered progress on our mission to conquer cancer and other life threatening diseases by building a highly productive research organization dedicated to developing transformational, best-in-class/first-in-class medicines for cancer, focusing on resistant or relapsing diseases with high unmet medical needs. Today, we have 8 programs in 18 clinical studies, including 5 registration trials, utilizing our internal capabilities and platform and clinical development partnerships.

CHAIRMAN'S STATEMENT

In terms of business development, 2021 was a productive year. We completed one in-licensing deal, a research collaboration and one strategic clinical development partnership to enrich our early-stage and clinical pipelines. Upon completion of the agreement with Calithera for development and commercialization of ATG-037 (CD73 small molecule inhibitor), the Phase 1 STAMINA trial secured HREC approval in Australia and is planned to begin enrolling in the first half of 2022. Under the research collaboration and license option agreement with LegoChem, we intend to develop new antibody-drug conjugates (ADCs). Last but not least, the strategic clinical development partnership with Bristol Myers Squibb is for the combination of ATG-017 (ERK1/2 inhibitor) and Opdivo® (nivolumab).

Regarding corporate milestones related to development of critical research and development and manufacturing infrastructure, as part of our strategy to become a fully-integrated biopharmaceutical company and secure our supply chain for the patients, we completed the manufacturing center at the Binhai Life Science and Healthcare Industrial Zone in Shaoxing, we plan to initiate the manufacturing of selinexor at this site. We also entered into a framework agreement with the Hangzhou Qiantang New Area Administrative Committee to build a drug discovery and manufacturing center for antibody biologics.

We have built a team of over 350 employees across China, the US and APAC regions, and have built core capabilities in drug discovery, development, manufacturing and commercialization. Our strong team gives us the most important solid foundation to be a truly global biopharma in our next stage of growth starting right now.

FUTURE OUTLOOK

2022 is the fifth anniversary of Antengene's founding and we believe it will be a landmark year for the Company. We expect XPOVIO® (selinexor) to be approved in 6 markets in Greater China and Asia Pacific markets where we have submitted new drug applications (NDAs). We are optimistic about the first launch of XPOVIO® (selinexor) in the second quarter of 2022 in China, based on strong participation in the Named Patient Program (NPP) as well as the inclusion of selinexor in several important practice guidelines by major medical societies. In addition, we expect to report data on at least 5 clinical programs and file 2 new investigational new drug applications (INDs), originated from in-house development programs.

Antengene is devoted and passionate in advancing our programs on our journey to treat cancer patients beyond borders. We are optimistic about this year and the future based on the excellent work of our team and collaborators, all around the world. We look forward to updating you on our progress as the year unfolds.

Yours faithfully,
Dr. Jay Mei
Founder, Chairman and Chief Executive Officer
Antengene Corporation Limited

PRC
March 18, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

OUR VISION

Our vision is to treat patients beyond borders and transform their lives by discovering, developing and commercializing global first-in-class, only-in-class and/or best-in-class therapies.

OVERVIEW

Started operations in 2017, we are a commercial-stage Asia-Pacific ("**APAC**") biopharmaceutical company focused on innovative oncology medicines. We distinguish ourselves through our strong R&D capabilities and strategic approach to developing novel oncology therapies.

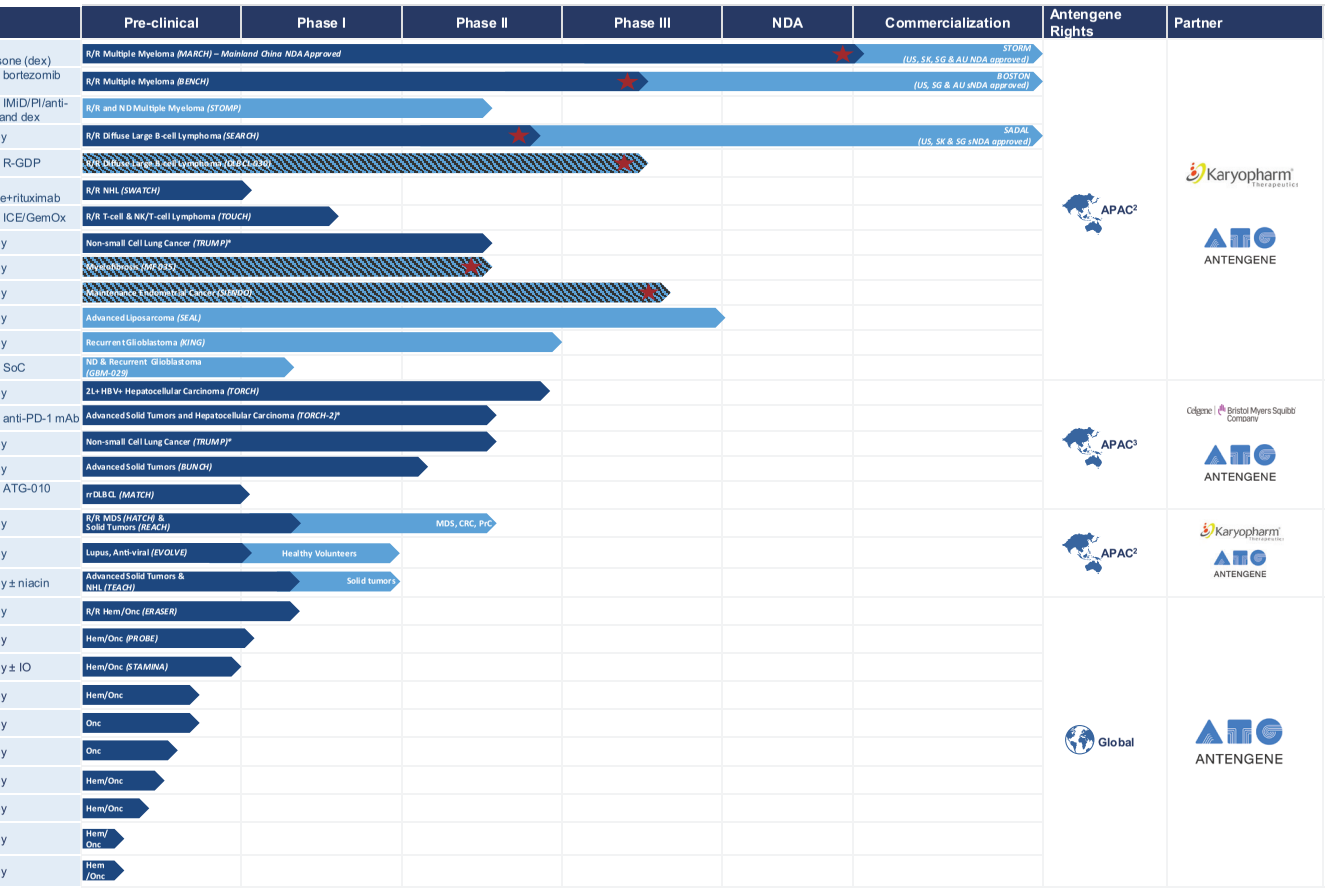
We have strategically designed and built a highly selective pipeline of 15 drug assets focused on oncology, including five with APAC rights and ten with global rights. We employ a combinatory and complementary R&D strategy to maximise the potential of our pipeline assets which are synergistic to each other. We have submitted NDAs for selinexor to health authorities in six APAC markets including mainland China, South Korea, Australia, Singapore, Hong Kong, and Taiwan, and have obtained NDA approvals in mainland China, South Korea, Singapore and Australia. We also obtained IND approvals or initiated five additional registrational clinical trials of our lead asset, selinexor, in rrMM, rrDLBCL, endometrial cancer and myelofibrosis in mainland China.

XPOVIO® (selinexor, ATG-010) is a first-in-class and only-in-class orally available XPO1 inhibitor and ATG-008 (onatasertib) is a potentially first-in-class mTORC1/2 inhibitor. Among our clinical stage assets, we also have two other drug candidates in the validated selective inhibitor of nuclear export ("**SINE**") class, namely ATG-016 (eltanexor) and ATG-527 (verdinexor), which feature differentiated profiles that allow us to target a wide range of indications through both mono and combination therapies. ATG-019 is a potentially first-in-class orally available dual PAK4/NAMPT inhibitor for the treatment of non-Hodgkin lymphoma (NHL) and advanced solid tumors. ATG-017 is a potent and selective ERK1/2 inhibitor with best-in-class potential for the treatment of various hematological malignancies and solid tumors driven by the aberrant RAS/MAPK pathway. ATG-101 is a novel, PD-L1/CD137 (4-1BB) bi-specific antibody being developed for the treatment of hematological malignancies and solid tumors. ATG-037 is a highly potent, selective, orally-bioavailable small molecule inhibitor of CD73. It can reactivate antitumor immunity by inhibiting the highly immunosuppressive adenosine pathway.

Product Pipeline

We have a pipeline of 15 drug candidates that focus on oncology and range from pre-clinical stage to late-stage clinical programs. The following table summarizes our pipeline and the development status of each candidate in the regions noted in the chart below in the "Antengene Rights" column:

Assets	Target (Modality)	Regimen	Antengene Rights	Partner
ATG-010 (Selinexor)[1]	XPO1 (Small molecule)	Combo with dexamethasone (dex)	APAC[2]	Karyopharm Therapeutics; ANTENGENE
		Combo with bortezomib and dex		
		Combo with IMiD/PI/anti-CD38 mAb and dex		
		Monotherapy		
		Combo with R-GDP		
		Combo with lenalidomide+rituximab		
		Combo with ICE/GemOx		
		Monotherapy		
		Monotherapy		
		Monotherapy		
		Monotherapy		
		Monotherapy		
		Combo with SoC		
ATG-008 (Onatasertib)	mTORC1/2 (Small molecule)	Monotherapy	APAC[3]	Celgene | Bristol Myers Squibb Company; ANTENGENE
		Combo with anti-PD-1 mAb		
		Monotherapy		
		Monotherapy		
		Combo with ATG-010 (Selinexor)		
ATG-016 (Eltanexor)	XPO1 (Small molecule)	Monotherapy	APAC[2]	Karyopharm Therapeutics; ANTENGENE
ATG-527 (Verdinexor)	XPO1 (Small molecule)	Monotherapy		
ATG-019 (KPT-9274)	PAK4/NAMPT (Small molecule)	Monotherapy ± niacin		
ATG-017[4]	ERK1/2 (Small molecule)	Monotherapy	Global	ANTENGENE
ATG-101[5]	PD-L1/4-1BB (Bispecific)	Monotherapy		
ATG-037[6]	CD73 (Small molecule)	Monotherapy ± IO		
ATG-018	ATR (Small molecule)	Monotherapy		
ATG-022	Claudin 18.2 (ADC/mAb)	Monotherapy		
ATG-012	KRAS (Small molecule)	Monotherapy		
ATG-031	CD24 (mAb)	Monotherapy		
ATG-027	B7H3/PD-L1 (Bispecific)	Monotherapy		
ATG-032	LILRB (mAb)	Monotherapy		
ATG-041	Axl-Mer (Small molecule)	Monotherapy		



Antengene Trials[7] | Partner Trials[8] | Global Trials in Collaboration with Partner | Registrational Trial in China

[1] (s)NDA approved by US FDA, China NMPA, Australia TGA, South Korea MFDS, and Singapore HSA; China Hong Kong and China Taiwan NDA submissions are completed; [2] Antengene has rights for Greater China (mainland China, Hong Kong, Taiwan, Macau), Australia, New Zealand, South Korea, and the ASEAN Countries; [3] Antengene has rights for Greater China, South Korea, Singapore, Malaysia, Indonesia, Vietnam, Laos, Cambodia, the Philippines, Thailand and Mongolia; [4] Licensed from AstraZeneca and Antengene has obtained exclusive global rights to develop, commercialize and manufacture ATG-017; [5] Licensed from Origincell and Antengene has obtained exclusive global rights to develop, commercialize and manufacture ATG-101; [6] Licensed from Calithera Biosciences and Antengene has obtained exclusive global rights to develop, commercialize and manufacture ATG-037; [7] Most advanced trial status in Antengene territories and the trials are responsible by Antengene; [8] Most advanced trial status in partner territories in the rest of the world and the trials are conducted by our licensing partners;

*Investigator-initiated trials; R/R = relapsed/refractory; ND = newly diagnosed; MDS = myelodysplastic syndrome; CRC = colorectal cancer; PrC = prostate cancer; CAEBV = chronic active Epstein-Barr virus; NHL = non-Hodgkin lymphoma; Hem/Onc = hematological malignancies and solid tumors; SK= South Korea; R-GDP: rituximab, gemcitabine, dexamethasone & cisplatin; ICE = Ifosfamide, carboplatin, and etoposide; GemOx = gemcitabine, oxaliplatin; in GBM-029 trial, the combination regimen is with standard of care (SoC) therapy for newly diagnosed glioblastoma or recurrent glioblastoma, including radiation therapy, temozolomide, lomustine, bevacizumab, tumor treating fields, or carmustine

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We have made steady progress with regard to our pipeline assets in 2021 and submitted NDAs for selinexor in Australia, South Korea, Singapore, and Taiwan for the treatment of rrMM and rrDLBCL and in mainland China and Hong Kong for the treatment of rrMM. We have obtained NDA approvals in mainland China, Australia, South Korea and Singapore.

Late-stage Product Candidates

ATG-010 (selinexor, XPO1 inhibitor)

ATG-010 (selinexor), one of our Core Products, is a first-in-class, orally available SINE compound being developed for the treatment of various hematological malignancies and solid tumors. We obtained exclusive rights from Karyopharm for the development and commercialization of selinexor in mainland China, Hong Kong, Taiwan, Macau, South Korea, Australia, New Zealand and ASEAN countries.

Our licensing partner, Karyopharm, obtained approval through the U.S. FDA's Accelerated Approval Program on July 3, 2019 for XPOVIO® (selinexor) in combination with low-dose dexamethasone for the treatment of adult patients with rrMM who have received at least four prior therapies and whose disease is refractory to at least two proteasome inhibitors, at least two immunomodulatory agents (IMiDs) and an anti-CD38 mAb.

On June 22, 2020, XPOVIO® (selinexor) received accelerated approval from the U.S. FDA for the treatment of adult patients with rrDLBCL, not otherwise specified, including DLBCL arising from follicular lymphoma, after at least two lines of systemic therapy. On December 18, 2020, the U.S. FDA approved XPOVIO® (selinexor) in combination with bortezomib and dexamethasone for the treatment of adult patients with multiple myeloma who have received at least one prior therapy.

In May 2021, Chinese Society of Clinical Oncology (CSCO) added multiple selinexor regimens to its 2021 Diagnosis and Treatment Guidelines for treatment of multiple myeloma and lymphoma.

In July 2021, through a priority review process, the MFDS of South Korea approved the Company's NDA for selinexor, in combination with dexamethasone for the treatment of adult patients with relapsed or refractory multiple myeloma who have received at least four prior therapies and whose disease is refractory to at least two proteasome inhibitors, at least two immunomodulatory agents, and an anti-CD38 monoclonal antibody (penta-refractory); and as a monotherapy for the treatment of adult patients with relapsed/refractory diffuse large B-cell lymphoma who have received at least two prior lines of treatment. In December 2021, we submitted supplemental sNDA to MFDS for selinexor in combination with bortezomib and dexamethasone indicated for the treatment of adult patients with multiple myeloma who have received at least one prior therapy.

In December 2021, selinexor received conditional approval for marketing by the NMPA, applicable in combination with dexamethasone for the treatment of adults with rrMM who have received prior therapy including a proteasome inhibitor, an immunomodulatory agent and an anti-CD38 monoclonal antibody.

Several late-stage clinical studies are underway for selinexor in mainland China:

A Phase II registrational clinical trial in combination with low-dose dexamethasone in rrMM (the "MARCH" trial). We submitted an NDA to the NMPA in mainland China in January 2021 and conditional approval was granted in December 2021.

A Phase II registrational clinical trial as monotherapy in rrDLBCL (the "SEARCH" trial). We dosed the first patient in SEARCH trial in 2020.

A Phase III registrational clinical trial in combination with bortezomib and low-dose dexamethasone in rrMM (the "BENCH" trial). We received IND approval from the NMPA at the end of 2020 and dosed the first patient in July 2021.

A Phase III registrational clinical trial as monotherapy as a maintenance therapy for patients with endometrial cancer, which is part of the global pivotal trial (the "SIENDO" trial) led by Karyopharm. We received IND approval from the NMPA in May 2021 and dosed the first patient in November 2021.

A Phase II/III registrational clinical trial in combination with rituximab, gemcitabine dexamethasone cisplatin ("**R-GDP**") in rrDLBCL, which is part of the global pivotal trial (XPORT-DLBCL-030) led by Karyopharm. We received IND approval from the NMPA in January 2021 and dosed the first patient in December 2021.

A Phase II registrational clinical trial as monotherapy for patients with myelofibrosis, which is part of the global pivotal trial (the "MF 035" trial) led by Karyopharm. We received IND approval from China NMPA in August 2021.

To further explore the clinical potential of selinexor in cancer treatment, we also initiated early signal detection studies including Phase Ib clinical trial in combination with ifosfamide, carboplatin and etoposide ("**ICE**") or gemcitabine and oxaliplatin ("**GemOx**") in the treatment of T-cell and NK/T-cell lymphoma patients, Phase Ib clinical trial in combination with ATG-008 (onatasertib) for the treatment of rrDLBCL and Phase I/II S-R2 in rriNHL.

In March 2022, XPOVIO® (selinexor, ATG-010) has been granted approval from the Health Sciences Authority (HSA) in Singapore for three indications: in combination with bortezomib and dexamethasone for treatment of adult patients with multiple myeloma (MM) who have received at least one prior therapy; and in combination with dexamethasone for the treatment of adult patients with rrMM who have received at least four prior therapies and whose disease is refractory to at least two proteasome inhibitors, at least two immunomodulatory agents, and an anti-CD38 monoclonal antibody (penta-refractory), and as a monotherapy for the treatment of adult patients with rrDLBCL who have received at least two prior lines of treatment and are not eligible for haematopoietic cell transplant.

In March 2022, Australia's Therapeutic Goods Administration (TGA) has registered XPOVIO® (selinexor, ATG-010) for two indications: (1) in combination with bortezomib and dexamethasone for the treatment of adult patients with multiple myeloma who have received at least one prior therapy and (2) in combination with dexamethasone for the treatment of adult patients with rrMM who have received at least three prior therapies and whose disease is refractory to at least one proteasome inhibitor, at least one immunomodulatory medicinal product, and an anti-CD38 monoclonal antibody.

WE MAY NOT BE ABLE TO ULTIMATELY MARKET ATG-010 (SELINEXOR) SUCCESSFULLY.

ATG-008 (onatasertib, mTORC1/2 inhibitor)

ATG-008 (onatasertib), one of our Core Products. We obtained an exclusive license from Celgene for the development and commercialization of onatasertib in mainland China and selected APAC markets. In 2020, we continued to carry forward the clinical study in patients with HCC who received at least one line of prior therapy and dosed the first patient in cohort 3. In April 2021, we dosed the first patient in the fourth cohort of this study. We initiated a Phase I/II study of onatasertib in combination with toripalimab (anti-PD-1 antibody) in mainland China, and in February 2021, we dosed the first patient in the dose expansion cohort. A Phase II study in NFE2L2 mutant NSCLC is also ongoing in mainland China. In addition, we received IND approval from the NMPA for a Phase II biomarker driven solid tumor basket trial in August 2020, and we dosed the first patient in April 2021.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ATG-008 (ONATASERTIB) SUCCESSFULLY.

Other Clinical Candidates

Eltanexor (ATG-016, second generation XPO1 inhibitor) – We obtained exclusive rights from Karyopharm for the development and commercialization of eltanexor in mainland China, Hong Kong, Taiwan, Macau, South Korea, Australia, New Zealand and ASEAN countries. In 2020, we obtained IND approval of a Phase I/II clinical study in patients with high-risk MDS from NMPA in mainland China, and in May 2021, we dosed the first patient. Subsequently, we received IND approval of a Phase I/II clinical study in patients with solid tumors from NMPA in mainland China in May 2021.

Verdinexor (ATG-527, third generation XPO1 inhibitor) – We obtained exclusive rights from Karyopharm for the development and commercialization of verdinexor in mainland China, Hong Kong, Taiwan, Macau, South Korea, Australia, New Zealand and ASEAN countries. Verdinexor will be developed in non-oncological indications. Having completed Phase I evaluation in healthy volunteers, a Phase II, multi-center, signal-seeking basket study protocol is now being developed in Australia that will evaluate the ability of verdinexor to suppress viral load across a range of chronic human viral infections.

ATG-019 (dual PAK4/NAMPT inhibitor) – We obtained exclusive rights from Karyopharm for the development and commercialization of ATG-019 in mainland China, Hong Kong, Taiwan, Macau, South Korea, Australia, New Zealand and ASEAN countries. In 2020, we dosed the first patient in a Phase I solid tumor and lymphoma clinical study in Taiwan. Subsequently, we received IND approval from the NMPA in mainland China of a Phase I clinical trial to evaluate safety and tolerability of ATG-019 in patients with advanced solid tumors or non-Hodgkin's lymphoma in May 2021.

ATG-017 (ERK1/2 inhibitor) – We obtained exclusive rights from AstraZeneca AB ("**AstraZeneca**") for the development and commercialization of ATG-017 worldwide. In 2020, we dosed the first patient in a Phase I clinical study in Australia. The ongoing dose-escalation study of ATG-017 for the treatment of advanced solid tumors and hematologic malignancies in Australia (the ERASER trial).

ATG-101 (PD-L1/4-1BB bispecific antibody) – The Bellberry Human Research Ethics Committee (HREC) in Australia approved our clinical trial application ("**CTA**") of the Phase I trial of ATG-101 in patients with metastatic/advanced solid tumors and B-cell non-Hodgkin's lymphoma in July 2021. We also obtained IND clearance from the U.S. FDA in October for the PROBE study. In December 2021, we dosed the first patient in this trial in Australia. In March 2022, China NMPA approved the IND application for a Phase I study of ATG-101 in China.

Pre-clinical Candidates

ATG-037 (CD73 inhibitor) – the Bellberry Human Research Ethics Committee (HREC) in Australia approved our clinical trial application of the Phase I trial of ATG-037 in patients with locally advanced or metastatic solid tumors in February 2022. We plan to initiate this trial and start patient enrollment in Australia in the first half of 2022.

ATG-018 (ATR inhibitor) – We plan to submit the applications in the first half of 2022.

ATG-022 (Claudin 18.2 antibody-drug conjugate) – We are conducting preclinical studies to support IND/CTA applications of ATG-022 and plan to submit the applications in 2022.

ATG-012 (KRAS inhibitor) – We are conducting preclinical studies to support IND/CTA applications of ATG-012 and plan to submit the applications in 2023.

ATG-031 (CD24 antibody) – We are conducting preclinical studies to support IND/CTA applications of ATG-031 and plan to submit the applications in 2023.

ATG-027 (B7H3/PD-L1 bispecific antibody) – We are conducting preclinical studies to support IND/CTA applications of ATG-027 and plan to submit the applications in 2023.

ATG-032 (LILRB antibody) – We are conducting preclinical studies to support IND/CTA applications of ATG-032.

ATG-041 (Axl-Mer inhibitor) – We are conducting preclinical studies to support IND/CTA applications of ATG-041.

RESEARCH AND DEVELOPMENT

We focus on research and development of therapeutic strategies for the treatment of cancer. We seek to optimize the drug development process of each of our assets to fully unlock their therapeutic potential and maximise their clinical and commercial value. We have adopted a differentiated combinatory and complementary R&D approach to build a pipeline of first/best-in- class assets with synergistic profiles.

As at December 31, 2021, we have twenty-one ongoing clinical studies in mainland China, South Korea, Taiwan and Australia with six of our pipeline assets, including ATG-010 (selinexor, XPO1 inhibitor), ATG-008 (onatasertib, mTORC1/2 inhibitor), ATG-016 (eltanexor, XPO1 inhibitor), ATG-019 (dual PAK4/NAMPT inhibitor), ATG-017 (ERK1/2 inhibitor) and ATG-101 (PD-L1/4- 1BB bispecific antibody). We have completed patient enrollment for the registrational Phase II clinical study (the "MARCH" trail), in patients with rrMM and are initiating and enrolling patients for five other registrational Phase II or Phase III studies in mainland China in rrMM, rrDLBCL, endometrial cancer and myelofibrosis, respectively. We also submitted NDA applications for ATG-010 (selinexor) to NMPA (mainland China), Therapeutic Goods Administration (Australia), MFDS (South Korea), Health Sciences Authority (Singapore), Hong Kong Department of Health, and TFDA (Taiwan). We have obtained NDA approvals in mainland China and South Korea as at December 31, 2021.

Our adjusted research and development costs (non-IFRS measure) were approximately RMB303.7 million and RMB382.7 million for the year ended December 31, 2020 and December 31, 2021 respectively. As at December 31, 2021, we had filed 3 patent applications in mainland China, and 4 international applications under the Patent Cooperation Treaty (PCT) for material intellectual properties, all of which are pending.

BUSINESS DEVELOPMENT

In May 2021, we entered into an exclusive, worldwide license agreement for the development and commercialization of CB-708 (ATG-037), Calithera Biosciences, Inc.'s small molecule inhibitor of CD73. Preclinical data presented at the 2019 American Association for Cancer Research (AACR) Annual Meeting and the 2019 Society for Immunotherapy of Cancer (SITC) Annual Meeting demonstrated that CB-708 has immune-mediated, single agent activity in syngeneic mouse tumor models. In preclinical studies, CB-708 was well-tolerated and had showed enhanced anti-tumor activity when combined with either an anti-PD-L1 immunotherapy or with chemotherapeutic agents, such as oxaliplatin or doxorubicin. CB-708 has completed GLP toxicology studies and is poised to advance into clinical development.

In October 2021, we entered into a Research Collaboration and License Option Agreement with LegoChem Biosciences, Inc. ("**LCB**", KOSDAQ: 141080) for new antibody-drug conjugates (ADCs). Under this agreement, the two parties will jointly generate and evaluate ADC candidates using Antengene's antibodies and LCB's next generation ADC technology platform. Antengene will have an exclusive option to license global rights for the development and commercialization of the resulting ADC candidates. When the option is exercised, LCB will be eligible to receive upfront and milestone payments, as well as tiered royalties. In addition, LCB is eligible to receive a prespecified percentage of any sublicensing income received by Antengene.

In December 2021, we entered into a R&D collaboration with XtalPi Inc, a quantum physics-based, AI-powered drug R&D company with the mission to revolutionize drug discovery and development by improving the speed, scale, novelty and success rate. Under terms of the agreement, XtalPi will utilize its integrated artificial intelligence (AI) research and development (R&D) platform comprised of proprietary cloud-supercomputer-powered in silico tools and its highly efficient wet lab to support Antengene's drug discovery and development programs.

In December 2021, we entered into a clinical trial collaboration to evaluate the safety, pharmacokinetics and preliminary efficacy of ATG-017 in combination with Bristol Myers Squibb's PD-1 checkpoint inhibitor, Opdivo® (nivolumab). The open-label Phase 1/2 trial will evaluate the investigational combination as a potential treatment option for patients with advanced solid tumors.

MANAGEMENT DISCUSSION AND ANALYSIS

IMPACT OF THE COVID-19 OUTBREAK

Since the outbreak of the novel coronavirus ("**COVID-19**") in early 2020, the Company has adopted immediate measures to maintain effective and high-quality level of operation. Although we experienced some delays in the patient enrollment process and data entry for certain of our clinical trials in China at the beginning of the COVID-19 pandemic, there has not been any material disruption of our ongoing clinical trials. The COVID-19 pandemic has not caused any early termination of our clinical trials or necessitated removal of any patients enrolled in the clinical trials. In addition, our supply chain has not experienced any material disruption since the outbreak of COVID-19. We have not experienced and currently do not expect any material regulatory delays in respect of our clinical trials or any long-term impact on our operation or deviation from our overall development plans due to the COVID-19 pandemic. We have not experienced any material impact from COVID-19 on the progress, status or filing update of our ongoing research and clinical activities.

EVENTS AFTER THE REPORTING PERIOD

In January 2022, China NMPA accepted the IND application for a Phase 1/2 open label study designed to evaluate the safety, tolerability and efficacy of eltanexor in patients with newly diagnosed and relapsed/refractory cancer indications. Chinese sites will only participate in the Part F Phase 2 of this study to investigate eltanexor in high-risk MDS patients.

In February 2022, the Bellberry Human Research Ethics Committee (HREC) in Australia approved our clinical trial application of the Phase I trial of ATG-037 in patients with locally advanced or metastatic solid tumors. We plan to initiate this trial and start patient enrollment in Australia in the first half of 2022.

In March 2022, XPOVIO® (selinexor, ATG-010) has been granted approval from the HSA in Singapore for three indications: in combination with bortezomib and dexamethasone for treatment of adult patients with multiple myeloma (MM) who have received at least one prior therapy; and in combination with dexamethasone for the treatment of adult patients with rrMM who have received at least four prior therapies and whose disease is refractory to at least two proteasome inhibitors, at least two immunomodulatory agents, and an anti-CD38 monoclonal antibody (penta-refractory), and as a monotherapy for the treatment of adult patients with rrDLBCL who have received at least two prior lines of treatment and are not eligible for haematopoietic cell transplant.

In March 2022, Australia's Therapeutic Goods Administration (TGA) has registered XPOVIO® (selinexor, ATG-010) for two indications: (1) in combination with bortezomib and dexamethasone for the treatment of adult patients with multiple myeloma who have received at least one prior therapy and (2) in combination with dexamethasone for the treatment of adult patients with rrMM who have received at least three prior therapies and whose disease is refractory to at least one proteasome inhibitor, at least one immunomodulatory medicinal product, and an anti-CD38 monoclonal antibody.

In March 2022, China National Medical Products Administration (NMPA) has approved the Phase I study of ATG-101, a novel PD-L1/4-1BB bispecific antibody, (the PROBE-CN study) for the treatment of advanced/metastatic solid tumors and B-cell non-Hodgkin lymphoma (B-NHL). This open-label, multicenter Phase I study is designed to assess the safety and tolerability of intravenously administered ATG-101 monotherapy in patients with advanced/metastatic solid tumors and B-NHL.

FUTURE AND OUTLOOK

Leveraging our combinatory and complementary R&D strategy and through our strong R&D capabilities and strategic approach in developing novel therapies, we continue to realize our vision of treating patients beyond borders and improving their lives by discovering, developing and commercializing global first-in-class, only-in-class and/or best-in-class therapies.

We will continue to advance the clinical development of our eight clinical stage products in multiple therapeutic areas, and continue to implement our dual-engine approach of external partnerships and internal discovery to build up a pipeline focusing on the key oncogenic pathways, tumor microenvironment and tumor associated antigens globally and across the APAC region. We also intend to continue implementing our complementary approach to develop the in-licensed assets for additional indications to maximise their commercial potential.

We have received NDA approvals for XPOVIO® (selinexor, ATG-010) in mainland China and South Korea in 2021, and in Singapore and Australia in March 2022. Looking into 2022, we further expect to receive approvals for selinexor (ATG-010) in Hong Kong and Taiwan from the second quarter to the third quarter of 2022. We will also advance two of our pre-clinical novel assets into the IND stage.

With the expected NDA approvals mentioned above and building upon our core commercial leadership team with experience in multiple successful launches of top hematology products globally, in APAC region and China in the past, we will continue to build out our commercial team in preparation for a first-in-class launch of selinexor in Greater China and the rest of APAC region to address unmet medical needs in our territories. We expect to officially launch XPOVIO® (selinexor, ATG-010) in the second quarter of 2022 with strong KOL anticipation and support as another new innovative therapy for multiple hematological malignancies with a unique mechanism of action.

During the Reporting Period, we have maintained a Named Patient Program (NPP) in Hong Kong and mainland China at the Boao Super Hospital in Boao Lecheng Pilot Zone (and has been authorized to be expanded beyond the Pilot Zone) for the treatment of patients with diseases including rrMM and rrDLBCL. The program has provided patients in Hong Kong and mainland China with unmet medical needs with access to an urgently needed therapy. The use of selinexor in such patients will also be a part of real-world research in APAC region.

FINANCIAL REVIEW

The Board announces the consolidated results of the Group for the year ended December 31, 2021, with comparative figures for the corresponding period in the previous year as follows:

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
REVENUE	**28,769**	–
Cost of sales	**(4,580)**	–
Gross profit	**24,189**	–
Other income and gains	**42,567**	26,834
Research and development costs	**(405,029)**	(347,655)
Selling and distribution expenses	**(67,941)**	(455)
Administrative expenses	**(169,463)**	(154,221)
Other expenses	**(79,154)**	(2,452,392)
Finance costs	**(698)**	(1,032)
LOSS BEFORE TAX	**(655,529)**	(2,928,921)
Income tax expense	**–**	–
LOSS FOR THE YEAR	**(655,529)**	(2,928,921)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(639,490)**	(2,928,921)
Non-IFRS measures:		
Adjusted loss for the year	**(613,444)**	(454,958)

Revenue. Our revenue increased from nil for the year ended December 31, 2020 to RMB28.8 million for the year ended December 31, 2021, primarily attributable to the increase in revenue from our Named Patient Program.

Other Income and Gains. Our other income and gains increased by RMB15.8 million from RMB26.8 million for the year ended December 31, 2020 to RMB42.6 million for the year ended December 31, 2021, primarily attributable to the increase in government grants and bank interest income.

Other Expenses. Our other expenses decreased by RMB2,373.2 million from loss of RMB2,452.4 million for the year ended December 31, 2020 to loss of RMB79.2 million for year ended December 31, 2021. The decrease was mainly attributable to the absense of fair value loss on convertible redeemable preferred shares of RMB2,356.3 million as the Group had no preferred shares outstanding as at December 31, 2021.

Research and Development Costs. Our research and development costs increased by RMB57.3 million from RMB347.7 million for the year ended December 31, 2020 to RMB405.0 million for the year ended December 31, 2021. This increase was primarily attributable to the combined impact of (i) a slight decrease in employee costs of R&D personnel of RMB0.1 million from RMB89.2 million for the year ended December 31, 2020 to RMB89.1 million for the year ended December 31, 2021, mainly due to the decrease in equity-settled share option expense of RMB21.6 million from RMB43.9 million for the year ended December 31, 2020 to RMB22.3 million for the year ended December 31, 2021, which are partially offset by an increase in wages and salaries of R&D personnel of RMB17.0 million from RMB43.1 million for the year ended December 31, 2020 to RMB60.1 million for the year ended December 31, 2021 mainly due to our R&D headcount expansion; (ii) a decrease in licensing fees from RMB163.3 million for the year ended December 31, 2020 to RMB105.2 million for the year ended December 31, 2021 as we paid an upfront fee of RMB19.4 million in relation to our in-licensing in 2021, and made milestone payments of RMB63.1 million in relation to the Karyopharm Agreement and RMB22.7 million in relation to ATG-101, as compared to the licensing fees of RMB163.3 million for the year ended December 31, 2020; (iii) RMB111.1 million increase of our drug development expenses paid to contract research organisations ("**CRO(s)**"), contract development and manufacturing organisations ("**CDMO(s)**") and site management organisations ("**SMOs**") in line with our increased R&D activities.

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Employee costs		
Wages and salaries	**60,122**	43,064
Pension scheme contributions	**6,310**	2,197
Staff welfare expenses	**317**	7
Equity-settled share option expense	**22,313**	43,925
Depreciation and amortization	**2,325**	712
Licensing fees	**105,152**	163,266
Drug development expenses	**195,860**	84,783
Professional fees	**8,614**	8,312
Others	**4,016**	1,389
Total	**405,029**	347,655

Selling and distribution expenses. Our selling and distribution expenses increased by RMB67.4 million from RMB0.5 million for the year ended December 31, 2020 to RMB67.9 million for the year ended December 31, 2021, primarily attributable to the increase in employee costs and professional fees incurred for activities associated with marketing and sales related to preparations to commercialize our lead product, selinexor, in Greater China and other countries/regions.

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Employee costs		
Wages and salaries	**29,053**	–
Pension scheme contributions	**4,966**	–
Staff welfare expenses	**497**	–
Equity-settled share option expense	**2,039**	–
Professional fees	**16,013**	–
Depreciation and amortization	**3,260**	–
Others	**12,113**	455
Total	**67,941**	455

Administrative Expenses. Our administrative expenses increased by RMB15.3 million from RMB154.2 million for the year ended December 31, 2020 to RMB169.5 million for the year ended December 31, 2021. This increase was primarily attributable to (i) an increase in employee costs of administrative personnel of RMB5.5 million from RMB83.6 million for the year ended December 31, 2020 to RMB89.1 million for the year ended December 31, 2021, mainly due to an increase in wages and salaries of administrative personnel of RMB28.1 million from RMB32.1 million for the year ended December 31, 2020 to RMB60.2 million for the year ended December 31, 2021, which are partially offset by the decrease of share-based payments charged to administrative expenses of RMB27.5 million; and (ii) RMB30.4 million increase in professional fees for legal, consulting, recruiting, translation and other services in relation to operating and administrative activities; and (iii) RMB28.6 million decrease of listing expenses since we did not incur such expenses in relation to the IPO for year ended December 31, 2021.

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Employee costs		
Wages and salaries	**60,201**	32,124
Pension scheme contributions	**6,069**	3,074
Staff welfare expenses	**5,097**	3,179
Equity-settled share option expense	**17,733**	45,197
Listing expenses	**–**	28,570
Professional fees	**46,744**	16,308
Depreciation and amortization	**5,912**	3,377
Others	**27,707**	22,392
Total	**169,463**	154,221

Finance Costs. Our finance costs decreased slightly by RMB0.3 million from RMB1.0 million for the year ended December 31, 2020 to RMB0.7 million for the year ended December 31, 2021. This decrease was primarily attributable to decrease in the interest expenses on lease liabilities.

NON-IFRS MEASURES

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted loss for the year and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they help the Company's management.

Adjusted loss for the year represents the loss for the year excluding the effect of equity-settled share option expense, share issue expenses and certain non-cash items and one-time events, namely fair value loss on convertible redeemable preferred shares. The term adjusted loss for the year is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus, facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

The table below sets forth a reconciliation of the loss to adjusted loss during the years indicated:

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Loss for the year	**(655,529)**	(2,928,921)
Added:		
Fair value loss on convertible redeemable preferred shares	**–**	2,356,271
Share issue expenses	**–**	28,570
Equity-settled share option expense	**42,085**	89,122
Adjusted loss for the year	**(613,444)**	(454,958)

EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth a breakdown of our employees as at December 31, 2021 by function:

Function	Number of employees	% of total number of employees
G&A	55	16.72
Research and Development	101	30.69
Commercialization	154	46.81
Manufacturing	19	5.78
Total	329	100.00

As at December 31, 2021, we had 293 employees in China and 36 employees in overseas. Our employees' remuneration comprises salaries, bonuses, employee provident fund and social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees.

LIQUIDITY AND FINANCIAL RESOURCES

As at December 31, 2021, our cash and bank balances were RMB2,274.8 million, as compared to RMB3,109.8 million as at December 31, 2020. The decrease was mainly due to expenses of operating activities and funds used in investing and financing activities.

As at December 31, 2021, the Group's cash and bank balances were held mainly in USD and RMB.

As at December 31, 2021, the current assets of the Group were RMB2,412.6 million, including cash and bank balances of RMB2,274.8 million, financial assets at fair value through profit or loss of RMB95.7 million and other current assets of RMB42.1 million. As at December 31, 2021, the current liabilities of the Group were RMB159.4 million, including other payables and accruals of RMB147.0 million and other current liabilities of RMB12.4 million.

As at December 31, 2021, the financial assets at fair value through profit or loss in current assets represented our investments in wealth management products as part of our cash management.

Current ratio

Current ratio is calculated using current assets divided by current liabilities and multiplied by 100%. As at December 31, 2021, our current ratio was 1,513.9% (as at December 31, 2020: 2,077.0%).

Gearing Ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at December 31, 2021, our gearing ratio was 6.4% (as at December 31, 2020: 4.9%).

OTHER FINANCIAL INFORMATION

Significant Investments, Material Acquisitions and Disposals

As at December 31, 2021, we did not hold any significant investments. For the year ended December 31, 2021, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

Future Plans for Material Investments or Capital Assets

In May 2021, we entered into a framework agreement with the Hangzhou Qiantang New Area Administrative Committee to build a drug discovery and manufacturing center for antibody biologics, in order to meet the Company's growing need for inhouse discovery and to support the Company's commercialization roadmap. This project may involve transactions with various entities in land acquisition and the construction of the facility. This project is expected to be funded by the Company's internal resources, local government subsidies and bank loans.

Save as disclosed above, we did not have any other concrete plans for material investments or capital assets for the year of 2022 as at December 31, 2021.

Foreign Exchange Risk

We have transactional currency exposures. The majority of our bank balances and interest receivables are denominated in foreign currencies and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

As at December 31, 2021, we did not have any material contingent liabilities.

Pledge of assets

There was no pledge of the Group's assets as at December 31, 2021.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Jay Mei (梅建明), M.D., Ph.D., aged 57, was appointed as a Director on August 28, 2018. He was re-designated as an executive Director and appointed as the Chairman of the Board and the chief executive officer of our Company (the "CEO") on August 18, 2020. Dr. Mei has been one of the key management members of our Group and has been actively involved in the business, strategy and operational management of our Group since its establishment.

Dr. Mei has over 25 years of experience in clinical research and development of oncology therapeutics globally and has successfully led the development of multiple oncology products. He has published over 70 publications and holds multiple patents jointly with other investors.

Prior to founding Antengene, Dr. Mei served as an executive director of the clinical development department at Celgene (now part of Bristol-Myers Squibb (a company listed on the New York Stock Exchange with stock code BMY.NYSE)) from October 2008 to March 2017 and was one of the leading members in the clinical development of multiple blockbuster drugs including REVLIMID®, which is among the best-selling oncology therapies worldwide. Dr. Mei was also involved in the clinical development of POMALYST®, another one of the best-selling oncology drugs worldwide, and IDHIFA®, a first-in-class drug for the treatment of acute myeloid leukemia (AML). From April 2006 to October 2008, Dr. Mei worked as a senior director at Novartis Oncology, part of the Innovative Medicines division of Novartis AG (a company listed on the SIX Swiss Exchange and the New York Stock Exchange with stock codes NOVN.SIX and NVS.NYSE, respectively). In February 2001, Dr. Mei joined as a principal scientist in the oncology team in the drug discovery division and an associate director at Johnson & Johnson Pharmaceutical Research & Development, L.L.C.. Before joining the industry in 2001, Dr. Mei spent 8 years at the National Cancer Institute (part of the NIH) as a senior cancer researcher. Dr. Mei was a director of Jiangsu Asieris Pharmaceuticals Co., Ltd. (江蘇亞虹醫藥科技有限公司) from November 2014 to December 2020. Dr. Mei was involved in the management of Antengene Corporation Co., Ltd. (德琪(浙江)醫藥科技有限公司) ("Antengene Zhejiang") since April 2017.

Dr. Mei received his Doctor of Medicine degree in medicine from Hunan Medical University (湖南醫科大學) (now XiangYa School of Medicine of Central South University (中南大學湘雅醫學院)) in July 1989. Dr. Mei obtained his Doctor of Philosophy degree in pharmacology and toxicology from the University of Maryland in January 1994. Dr. Mei was a member of the American Society of Clinical Oncology and has also been a member of the American Society of Hematology since 2006. In addition, Dr. Mei currently holds an adjunct professorship at the Baruch S. Blumberg Institute.

Mr. John F. Chin, MBA, aged 56, was appointed as the CBO on January 2, 2020 and as an executive Director on August 18, 2020. Mr. Chin has been in charge of the overall business development and commercial strategy and planning of our Group since he joined us.

Mr. Chin started his career at Merck, Sharp, and Dohme Corp in 1990 and later joined Bristol-Myers Squibb (a company listed on the New York Stock Exchange with stock code BMY.NYSE) in January 1992 to July 1998, holding a number of sales and training positions at BMS. Since October 1998, he served in a number of positions at Aventis Pharmaceutical Holdings Inc. ("**Aventis**") (before the merger in 1999, Rhône-Poulenc Rorer), including associate product manager, product manager, senior product manager for oncology and regional sales director for oncology. From January 2005 to January 2020, Mr. Chin served in a number of positions at Celgene (now part of Bristol-Myers Squibb (a company listed on the New York Stock Exchange with stock code BMY. NYSE)), including senior director for corporate account management, executive director for corporate account management, executive director for U.S. marketing, regional general manager for Latin America and general manager for China.

Mr. Chin received his Bachelor's degree in science from the University of Arizona in December 1989. He also obtained his Master's degree in business administration from Pepperdine University in April 1998.

Dr. Kevin Patrick Lynch, M.D., aged 57, was appointed as the Chief Medical Officer (CMO) in March 2021 and an executive Director on June 18, 2021. The appointment followed an 18-month period as Consultant Chief Medical Expert to Antengene. Dr. Lynch has been in charge of the overall medical development and strategic planning of our Group since he joined us full-time.

Dr. Lynch has almost 30 years of experience in R&D in the pharmaceutical industry and a strong track record in clinical development and medical affairs. He was vice President at Celgene between 2011 and 2019 where he led the clinical development and medical affairs in Europe (2011-2014) and Asia-Pacific (2014-2019). Before that, he was the Medical Director of Oncology at Novartis Pharmaceuticals Australia. Dr. Lynch has closely involved in early to late clinical development of multiple transformational cancer therapies, including Glivec®, Tasigna®, Zometa®, Femara®, Revlimid®, Pomalyst®, and Vidaza®.

Mr. Donald Andrew Lung (龍振國), J.D., MBA, aged 40, was appointed as the Chief Financial Officer (CFO) of the Company on June 8, 2020 and an executive Director on June 18, 2021. Mr. Lung has been in charge of the overall finance of our Group since he joined us.

Mr. Lung has over 16 years of experience in investment banking and public equities. From June 2004 to November 2008, Mr. Lung worked at Goldman Sachs (Asia) L.L.C. He was then engaged in the asset management business at Pine River Capital Management from August 2012 to June 2017 and at Myriad Asset Management Limited from August 2017 to August 2019. From October 2019 to June 2020, Mr. Lung worked as a portfolio manager at BFAM Partners (Hong Kong) Limited.

Mr. Lung received his Bachelor of Arts degree in economics and political science from Yale University in May 2004. He also obtained a Master's degree in business administration and a Juris Doctor degree from The Chinese University of Hong Kong, both in November 2015.

During the year ended December 31, 2021, Mr. Yiteng Liu has retired as an executive Director. Please refer to the Annual Report 2020 of the Company for the biography of Mr. Liu.

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Yilun Liu (劉逸倫), MBA, aged 36, was appointed as a non-executive Director on December 16, 2021. Mr. Liu is primarily responsible for participating in formulating our Company's corporate and business strategies.

Mr. Liu has been a Director of Keymed Biosciences Inc. (康諾亞生物醫藥科技有限公司) since March 3, 2021, and was re-designated as a non-executive Director on April 3, 2021. He participates in decision-making in respect of major matters such as corporate and business strategies. Mr. Liu has experience working in the financial industry, including serving as the head of special situation at Anatole Investment Management Limited (晨曦投資管理有限公司). Since April 2018, Mr. Liu has been an executive director at Boyu Capital.

Mr. Liu received his bachelor of science degree in marketing from Fudan University (復旦大學) in the PRC in July 2009. He then obtained his master of business administration degree from Columbia Business School in May 2015.

Dr. Kan Chen (陳侃), Ph.D., aged 40, was appointed as a non-executive Director on March 26, 2021. Dr. Chen is primarily responsible for participating in formulating our Company's corporate and business strategies.

Dr. Chen is currently serving as a Principal at Qiming Venture Partners ("**Qiming**"), focusing on healthcare investment. Dr. Chen joined Qiming in February 2016, had served as associate and vice president and was deeply involved in Qiming's investment of the Company's Series A Financing. Dr. Chen has been a director of Connect Biopharma Holdings Limited (a company listed on NASDAQ with stock code CNTB) since December 2020. From November 2012 to September 2014, Dr. Chen has been the group leader of Jiangsu Hengrui Medicine Co., Ltd. From October 2014 to January 2016, he has been the senior scientist of Janssen, Pharmaceutical Companies of Johnson & Johnson.

Dr. Chen obtained his Bachelor's degree in biological science from Fudan University in June 2004. He obtained his Doctor of Philosophy degree in cell biology from Case Western Reserve University in January 2009.

During the year ended December 31, 2021, Mr. Yanling Cao, Mr. Zhen Li and Mr. Xubo Hu have retired or resigned as non-executive Directors. Please refer to the prospectus of the Company dated November 9, 2020 (the "**Prospectus**") and the Annual Report 2020 for the biographies of Mr. Cao, Mr. Li and Mr. Hu.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mark J. Alles, aged 63, has been serving in the capacity of an independent Director since January 2, 2020 and was re-designated as an independent non-executive Director effective as of August 18, 2020.

Mr. Alles' career in the biopharmaceutical industry has spanned more than 35 years. Mr. Alles was the former Chief Executive Officer of Celgene Corporation, a global biopharmaceutical company, from March 2016 to January 2018 and Chairman and Chief Executive Officer from February 2018 until its acquisition by Bristol Myers Squibb Company in November 2019. Prior to these roles, he served as Celgene's President and Chief Operating Officer from August 2014 to February 2016 and as its Chief Commercial Officer and Executive Vice President, Hematology & Oncology from December 2012 to July 2014. Mr. Alles first joined Celgene in 2004 and served in a number of commercial management positions of increasing responsibility at the company. Mr. Alles served as the vice president of the U.S. oncology business unit at Aventis Pharmaceuticals Inc. (Rhône-Poulenc Rorer) and served in other senior commercial management roles at Aventis from 1993 to 2004.

Mr. Alles has also served as the chairman of the board of Turning Point Therapeutics, Inc. (a precision oncology company listed on NASDAQ with stock code TPTX.NASDAQ) since May 2021, and also serves on the boards of BioMarin Pharmaceutical Inc. (a company listed on NASDAQ with stock code BMRN.NASDAQ) since December 2021 and Syros Pharmaceuticals, Inc. (a company listed on NASDAQ with stock code SYRS.NASDAQ) since December 2019.

Mr. Alles received a bachelor's degree from Lock Haven University of Pennsylvania in May 1981 and served as a Captain in the United States Marine Corps.

Ms. Jing Qian (錢晶), MBA, aged 47, is appointed as an independent non-executive Director effective as of November 9, 2020.

From July 1999 to July 2002, Ms. Qian served as an associate at The Boston Consulting Group. From March 2005 to December 2008, she served as a project manager at McKinsey & Company. From January 2009 to March 2010, Ms. Qian was appointed as a director responsible for business development and strategic planning for the Asia-Pacific region at Baxter (China) Investment Co., Ltd. From April 2010 to January 2012, she was appointed as a vice president in charge of business development at Boehringer Ingelheim Pharmaceutical Co., Ltd. Ms. Qian served as the principal at Fidelity Growth Partners Asia from January 2012 to December 2013. From February 2014 to October 2018, she was appointed as an executive director at Fountain Growth Capital China Limited. Since October 2018, Ms. Qian has been a partner at Pivotal BioVenture Partners China, a venture capital firm specializing in venture building in the life science industry.

Ms. Qian obtained her Bachelor's degree in international economics and Master's degree in economics from East China Normal University (華東師範大學) in July 1996 and July 1999, respectively. She received her Master's degree in business administration from The Wharton School, University of Pennsylvania in May 2004.

Mr. Sheng Tang (唐晟), CPA, MBA, aged 39, is appointed as an independent non-executive Director effective as of November 9, 2020.

From July 2005 to July 2007, Mr. Tang performed audit and business consulting work at PricewaterhouseCoopers Zhong Tian LLP. He served as a senior accountant from July 2007 to September 2011 and as a manager from October 2011 to May 2012 at Ernst & Young Hua Ming LLP Shanghai Branch. From January 2013 to January 2016, he served as a financial manager at CITIC Industrial Investment Group Corp., Ltd. Mr. Tang has been appointed as a senior lecturer at Shanghai Gaodun Financial Education Group since 2008 and was seconded to Sun Yat-Sen University and Shanghai University from March 2016 to June 2017. From September 2017 to July 2019, he served as the chief financial officer at Canada Tenkey Holdings. In February 2018, Mr. Tang founded Sheng Qian Plus Corp to provide accounting and tax consulting and education services.

Mr. Tang received his Bachelor's degree in economics from Shanghai Institute of International Business and Economics (上海對外貿易學院) (now Shanghai University of International Business and Economics (上海對外經貿大學)) in July 2005 and obtained his Master's degree in business administration from Fudan University (復旦大學) in January 2015. Mr. Tang became a member of the Chinese Institute of Certified Public Accountants in June 2012. In September 2014, he was admitted as a fellow of the Association of Chartered Certified Accountants. Mr. Tang became a member of the Chartered Professional Accountants Ontario in June 2018 and a member of the Hong Kong Institute of Certified Public Accountants in July 2018.

SENIOR MANAGEMENT

Jay Mei (梅建明), M.D., Ph.D., aged 57, was appointed as a Director on August 28, 2018. He was re-designated as an executive Director and appointed as the Chairman of the Board and the CEO on August 18, 2020. For further details of his biography, please see the sub-section headed "Executive Directors" in this section.

Mr. John F. Chin, MBA, aged 56, was appointed as the CBO on January 2, 2020 and as an executive Director on August 18, 2020. For further details of his biography, please see the sub-section headed "Executive Directors" in this section.

Dr. Kevin Patrick Lynch, M.D., aged 57, was appointed as the Chief Medical Officer (CMO) in March 2021 and an executive Director on June 18, 2021. For further details of his biography, please see the sub-section headed "Executive Directors" in this section.

Mr. Donald Andrew Lung (龍振國), J.D., MBA, aged 40, was appointed as the Chief Financial Officer (CFO) of the Company on June 8, 2020 and an executive Director on June 18, 2021. For further details of his biography, please see the sub-section headed "Executive Directors" in this section.

Dr. Bo Shan (單波), Ph.D., aged 46, was appointed as the Chief Scientific Officer (CSO) of the Company in March 2021.

Dr. Shan has over 16 years of experience in R&D and manufacturing in Europe and China. Before that, he was a Corporate Vice President of the Company. During his tenure, Dr. Shan assembled highly effective discovery, CMC and manufacturing teams, and built a preclinical pipeline of 6 assets for the Company. Dr. Shan was also responsible for supporting regulatory submissions related to drug products and drug substances. Prior to joining the Company, Dr. Shan oversaw the construction and validation of Ascletis Pharma's Shaoxing production facility which successfully passed CFDA GMP inspection in 2018 as well as production, quality, sourcing, EHS and engineering departments.

Dr. Shan holds a Ph.D. in Medicinal Chemistry from Aston University in the UK.

REPORT OF DIRECTORS

PRINCIPAL ACTIVITIES

We are a commercial-stage Asia-Pacific (APAC) biopharmaceutical company focused on innovative oncology medicines. We distinguish ourselves through our strong R&D capabilities and strategic approach to developing novel oncology therapies. Our vision is to treat patients beyond borders and transform their lives by discovering, developing and commercializing global first-in-class, only-in-class and/or best-in-class therapies.

There were no significant changes in the nature of the Group's principal activities for the year ended December 31, 2021. Please refer to note 1 to the Consolidated Financial Statements on pages 123 to 125 of this report for details of the principal activities of the principal subsidiaries of the Group.

RESULTS

The results of the Group for the year ended December 31, 2021 are set out in the Consolidated Financial Statements of the Group on pages 117 to 122 of this report.

FINAL DIVIDEND

No dividend has been declared and paid by the Group for the year ended December 31, 2021.

SHARE CAPITAL

Details of the issued shares of the Company for the year ended December 31, 2021 are set out in note 24 to the Consolidated Financial Statements.

RESERVES

Details of the movements in reserves of the Group for the year ended December 31, 2021 are set out in the Consolidated Statement of Changes in Equity on page 120 of this report.

DISTRIBUTABLE RESERVES

As at December 31, 2021, the Company's reserves available for distribution from share premium less accumulated losses, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to approximately RMB3,433.9 million (2020: RMB3,539.2 million).

FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and equity of the Group for the last four financial years, as extracted from the published audited financial information and financial statements, is set out on page 4 of this report.

REPORT OF DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group for the year ended December 31, 2021 are set out in note 13 to the Consolidated Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information available to the Company and to the knowledge of the Directors, the Company had sufficient public float based on publicly available information, in compliance with the minimum requirement of Rule 8.01 (a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") (the "**Stock Exchange**").

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on June 1, 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, May 27, 2022 to Wednesday, June 1, 2022, both days inclusive, in order to determine the identity of the shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, unregistered holders of shares must lodge all properly completed transfer forms accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, May 26, 2022.

REPORT OF DIRECTORS

BUSINESS REVIEW

Overview and Performance of the Year

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report. These discussions form part of this report. Events affecting the Company that have occurred since the end of the year ended December 31, 2021 is set out in the section headed "Events After the End of the Reporting Period" in this report.

Key Relationship with Stakeholders

The Group recognizes that various stakeholders including employees, medical experts, patients, suppliers and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

The Group believes that it is vital to attract, recruit and retain quality employees. Based on the strategy of our China-inclusive global development and commercial capabilities, we established our development team for innovative medicines globally and commercialization team in China and the Asia-Pacific region. To maintain the quality, knowledge and skill levels of the Group's workforce, the Group conducts new staff training regularly to guide new employees and help them adapt to the new working environment. In addition, the Group provides online and in-person formal and comprehensive Company-level and department-level training to the employees in addition to on-the-job training. The Group also encourages our employees to attend external seminars and workshops to enrich their technical knowledge and develop competencies and skills. Training and development programs are provided to the employees to improve their technical skills and ensure their awareness and compliance with various policies and procedures. The Group believes that it maintains a good relationship with its employees and the Group did not experience any significant labor disputes or any difficulty in recruiting staff for its operations.

The Group conducts academic marketing activities to establish and maintain relationships with key opinion leaders in the national medical system. The Group provides these experts with detailed information on its products and helps them make independent comparison among competing products in the market. The Group also maintains long-term cooperative relationships with medical experts to help raise the Group's profile, enhance awareness of the Group's products in the medical community and among patients, and provide it with valuable clinical data to improve the Group's products.

The details of an account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company are set out in the "Environmental, Social and Governance Report" of the Company which will be available on our website within three months from the publication of this report.

Environmental Policies and Performance

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to the community and achieving sustainable growth.

The "Environmental, Social and Governance Report" of the Company will be available on our website within three months from the publication of this report in accordance with the applicable requirements under the Listing Rules for the year ended December 31, 2021.

Compliance with Relevant Laws and Regulations

The Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**") and the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules for, among other things, the disclosure of information and corporate governance. The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Model Code. For further details, please refer to the section headed "Compliance with the Corporate Governance Code" in this section. The Group has also complied with other relevant laws and regulations that have a significant impact on the operations of the Group. Please refer to the section headed "Regulatory Environment" in the Prospectus for details.

Key Risks and Uncertainties

There are certain risks involved in our operations, many of which are beyond our control. Some of the major risks we face include:

- We have incurred significant net losses since our inception, and expect to continue to incur net losses for the foreseeable future and may not be able to generate sufficient revenue to achieve or maintain profitability. Potential investors are at risk of losing substantially all of their investments in our Shares.
- We had net operating cash outflow in the past three financial years.
- We may need additional capital to meet our operating cash requirements, and financing may not be available on terms acceptable to us, or at all.
- We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.
- We may need additional financing to fund our operations, and if we are unable to obtain such financing, we may be unable to complete the development and commercialization of our drug candidates.
- We face substantial competition and our competitors may discover, develop or commercialize competing drugs earlier or more successfully than we do.

- Our business and financial prospects depend substantially on the success of our clinical stage and preclinical stage drug candidates. If we are unable to successfully complete their clinical development, obtain relevant regulatory approvals or achieve their commercialization, or if we experience significant delays in any of the foregoing, our business and profitability may be adversely affected.

- We may not be able to identify, discover or in-license new drug candidates, and may allocate our limited resources to pursue a particular candidate or indication and fail to capitalize drug candidates or indications that may later prove to be more profitable, or for which there is a greater likelihood of success.

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

- If clinical trials of our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our drug candidates.

- Our drug development progress may be affected by the clinical development progress of our collaboration partners, including but not limited to Celgene and Karyopharm. If the collaboration partners are unable to successfully complete clinical development, obtain relevant regulatory approvals or achieve commercialization, or if they experience significant delays in any of the foregoing, our business and profitability may be adversely affected.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares. Although our management has proven track record of drug manufacturing and commercialization, we have limited experience in manufacturing pharmaceutical products, which is a highly exacting and complex process, and limited experience in commercialization as we have not yet commercialized any of our drug candidates. Our business could be materially and adversely affected if we encounter problems in the manufacturing process of our future drug products.

PROSPECTS

A description of the future development in the Company's future business is provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report.

USE OF PROCEEDS FROM THE LISTING OF SHARES OF THE COMPANY

The shares of the Company was listed on November 20, 2020 and the over-allotment option was partially exercised on December 12, 2020. The Company has received a net proceeds of approximately RMB2,274.70 million. According to the plan on use of proceeds as set out in the Prospectus, the Company intends to use the net proceeds for the following purposes:

- Approximately 41% of the net proceeds (equivalent to approximately RMB932.63 million) will be allocated to ATG-010 (selinexor) and ATG-008 (onatasertib), our core products.
  - approximately 28% of the net proceeds (equivalent to approximately RMB636.92 million) is expected to be for ATG-010 (selinexor):
    a) approximately 20% of the net proceeds (equivalent to approximately RMB454.94 million) is expected to fund its R&D activities, including the ongoing and planned clinical trials;
    b) approximately 8% of the net proceeds (equivalent to approximately RMB181.98 million) is expected to fund the commercialization of ATG-010 (selinexor).
  - approximately 13% of the net proceeds (equivalent to approximately RMB295.71 million) is expected to be for ATG-008 (onatasertib) to fund its R&D activities, including the ongoing and planned clinical trials.
- Approximately 25% of the net proceeds (equivalent to approximately RMB568.67 million) will be allocated to fund our four other clinical stage drug candidates.
  - approximately 11% of the net proceeds (equivalent to approximately RMB250.22 million) is expected to be used to fund the R&D activities of ATG-016 (eltanexor), including ongoing and planned clinical trials and milestone payments;
  - approximately 2% of the net proceeds (equivalent to approximately RMB45.49 million) is expected to be used to fund the R&D activities of ATG-527 (verdinexor), including ongoing and planned clinical trials and milestone payments;
  - approximately 3% of the net proceeds (equivalent to approximately RMB68.24 million) is expected to be used to fund the R&D activities of ATG-019, including ongoing and planned clinical trials and milestone payments;
  - approximately 9% of the net proceeds (equivalent to approximately RMB204.72 million) is expected to be used to fund the R&D activities of ATG-017, including ongoing and planned clinical trials and milestone payments;
- Approximately 9% of the net proceeds (equivalent to approximately RMB204.72 million) is expected to be allocated to ongoing preclinical studies and planned clinical trials for other preclinical drug candidates in our pipeline.

- Approximately 14% of the net proceeds (equivalent to approximately RMB318.46 million) is expected to be allocated to expansion of our pipeline, including discovery of new drug candidates and business development activities.

- Approximately 1% of the net proceeds (equivalent to approximately RMB22.75 million) is expected to be allocated to capital expenditure.

- Approximately 10% of the net proceeds (equivalent to approximately RMB227.47 million) is expected to be used for general corporate purposes.

The table below sets forth a detailed breakdown and description of the use of net proceeds from the listing of the Company to the date of this report:

Function	% of use of proceeds (Approximately)	Net proceeds from the HK IPO RMB million	Actual usage during 2021 RMB million	Actual usage up to December 31, 2021 RMB million	Unutilized net proceeds as at December 31, 2021 RMB million	Expected timeline for application of the unutilized net proceeds
Fund ongoing and planned clinical trials and milestone payments of our two Core Products and commercial launches of ATG-010	41%	932.63	267.45	340.17	592.46	Expected to be fully utilized by December 31, 2024
Fund ongoing and planned clinical trials and milestone payments of four other clinical-stage drug candidates in our pipeline	25%	568.67	40.90	44.59	524.08	Expected to be fully utilized by December 31, 2024
Fund ongoing preclinical studies and planned clinical trials for other preclinical drug candidates in our pipeline	9%	204.72	134.40	146.42	58.30	Expected to be fully utilized by December 31, 2022
For expansion of our pipeline, including discovery of new drug candidates and business development activities	14%	318.46	31.98	31.98	286.48	Expected to be fully utilized by December 31, 2024
For capital expenditure	1%	22.75	21.71	22.75	–	N/A
For general corporate purposes	10%	227.47	144.38	170.33	57.14	Expected to be fully utilized by December 31, 2022
Total	100%	2,274.70	640.82	756.24	1,518.46	

Notes:

- Net proceeds from the IPO were received in HKD and translated into RMB for the allocation and the utilization calculation, and have been adjusted slightly due to the fluctuation of the foreign exchange rates since the listing.

- The expected timeline was based on the Company's estimation of future market conditions and business operations, remains subject to change based on actual research and development progress, market conditions and business needs. The unutilized net proceeds of RMB1,518.46 million as at December 31, 2021 are expected to be completely used by December 31, 2024.

EVENTS AFTER THE END OF THE REPORTING PERIOD

For details of the events after the end of the Reporting Period, please refer to the section headed "Management Discussion and Analysis – Events After the Reporting Period" of this report.

DIRECTORS

The Directors during the year ended December 31, 2021 are:

Executive Directors

Dr. Jay Mei (梅建明)
Mr. John F. Chin
Dr. Kevin Patrick Lynch (appointed on June 18, 2021)
Mr. Donald Andrew Lung (龍振國) (appointed on June 18, 2021)
Mr. Yiteng Liu (劉翼騰) (retired on June 18, 2021)

Non-executive Directors

Mr. Yilun Liu (劉逸倫) (appointed on December 16, 2021)
Dr. Kan Chen (陳侃) (appointed on March 26, 2021)
Mr. Zhen Li (李甄) (retired on June 18, 2021)
Mr. Xubo Hu (胡旭波) (resigned on March 26, 2021)
Mr. Yanling Cao (resigned on December 16, 2021)

Independent Non-executive Directors

Mr. Mark J. Alles
Ms. Jing Qian (錢晶)
Mr. Sheng Tang (唐晟)

In accordance with Article 16.19 of the Articles of Association, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to, but not less than one-third) shall retire from office by rotation at every annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

In accordance with Article 16.3 of the Articles of Association, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors.

Details of the Directors to be re-elected at the forthcoming annual general meeting are set out in the circular to Shareholders to be dispatched in due course in the manner as required by the Listing Rules.

REPORT OF DIRECTORS

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 30 to 35 of this report. Save as disclosed in this report and as at the date of this report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors has entered into a service contract with us under which the initial term of their service contracts shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than two months' prior notice. Pursuant to the service contracts entered into with us, none of our executive Directors will receive any remuneration as Director's fee.

Each of our non-executive Directors has entered into a service contract with us under which the initial term of their service contract shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one month's prior notice. Pursuant to the service contracts entered into with us, the non-executive Directors will receive no remuneration as Director's fee.

Each of our independent non-executive Directors has entered into an appointment letter with us effective from the Listing Date. The initial term of their appointment letters shall commence from the date of their appointment for a period of three years or until the third annual general meeting of our Company after the Listing Date, whichever is earlier (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing. Under these appointment letters, each of our independent non-executive Directors will receive an annual director's fee ranging from US$50,000 to US$100,000 commencing on the effective date of their appointment.

None of the Directors proposed for re-election at the annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the Independent Non-executive Directors, namely Mr. Mark J. Alles, Ms. Jing Qian and Mr. Sheng Tang, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. We consider that our Independent Non-executive Directors have been independent from the date of their appointments to December 31, 2021 and remain so as at the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As far as the Company is aware, as at December 31, 2021, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Name of Director or CEO	Nature of Interest	Total number of shares/ underlying shares	Approximate Percentage of Shareholding Interest[2]
Dr. Jay Mei[3]	Interest in controlled corporation and beneficial interest	180,597,994(L)[1]	27.04%
Mr. John F. Chin[4]	Beneficial interest	1,515,496(L)[1]	0.23%
Mr. Donald Andrew Lung[5]	Beneficial interest	3,600,000(L)[1]	0.54%
Dr. Kevin Patrick Lynch[6]	Beneficial interest	320,000(L)[1]	0.05%
Mr. Mark J. Alles [7]	Beneficial interest	785,496(L)[1]	0.12%
Ms. Jing Qian[8]	Beneficial interest	30,000(L)[1]	0.00%
Mr. Sheng Tang[9]	Beneficial interest	30,000(L)[1]	0.00%

Notes:

(1) "L" means holding a long position in Shares.

(2) Refers to the percentage of the number of relevant Shares involved divided by the number of Shares in issue of the Company as at December 31, 2021.

(3) Meiland Pharma Tech SC holds 175,927,994 Shares and is owned as to 75% by JAY MEI 2020 GRAT, a trust created by Dr. Jay Mei for the benefit of himself and his immediate family members. Dr. Jay Mei is the trustee, the grantor and one of the beneficiaries of the JAY MEI 2020 GRAT. Accordingly, Dr. Jay Mei is deemed to be interested in the total number of Shares held by Meiland Pharma Tech SC. In addition, Dr. Jay Mei is entitled to acquire up to 4,670,000 Shares pursuant to the share options granted to him, subject to the relevant conditions (including the vesting conditions) thereunder.

(4) Mr. John F. Chin directly holds 135,496 Shares. In addition, Mr. John F. Chin is entitled to acquire up to 1,380,000 Shares pursuant to the share options granted to him, subject to the relevant conditions (including the vesting conditions) thereunder.

(5) Mr. Donald Andrew Lung is entitled to acquire up to 3,600,000 Shares pursuant to the share options granted to him, subject to the relevant conditions (including the vesting conditions) thereunder.

(6) Dr. Kevin Patrick Lynch is entitled to acquire up to 320,000 Shares pursuant to the share options granted to him, subject to the relevant conditions (including the vesting conditions) thereunder.

(7) Mr. Mark J. Alles directly holds 135,496 Shares. In addition, Mr. Mark J. Alles is entitled to acquire up to 650,000 Shares pursuant to the share options granted to him, subject to the relevant conditions (including the vesting conditions) thereunder.

(8) Ms. Jing Qian is entitled to acquire up to 30,000 Shares pursuant to the share options granted to her, subject to the relevant conditions (including the vesting conditions) thereunder.

(9) Mr. Sheng Tang is entitled to acquire up to 30,000 Shares pursuant to the share options granted to him, subject to the relevant conditions (including the vesting conditions) thereunder.

Save as disclosed above, as at December 31, 2021, none of the Directors or chief executives of the Company had or was deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code as contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2021, to the best of the knowledge of the Company and the Directors, the following are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Interests in the Shares and Underlying Shares of the Company

Name of Shareholder	Nature of Interest	Total number of shares/ underlying shares	Approximate Percentage of Shareholding Interest[2]
JAY MEI 2020 GRAT[3]	Interest in controlled corporation	175,927,994(L)[1]	26.34%
Meiland Pharma Tech SPC[3]	Beneficial interest	175,927,994(L)[1]	26.34%
Boyu Capital Group Holdings Ltd.[4]	Interest in controlled corporation	73,789,650(L)[1]	11.04%
Boyu Capital General Partner III, Ltd.[4]	Interest in controlled corporation	62,711,436(L)[1]	9.39%
Boyu Capital General Partner III, L.P.[4]	Interest in controlled corporation	62,711,436(L)[1]	9.39%
Boyu Capital Fund III, L.P.[4]	Interest in controlled corporation	62,711,436(L)[1]	9.39%
Active Ambience Limited[4]	Beneficial interest	62,711,436(L)[1]	9.39%
FMR LLC[5]	Interest in controlled corporation	54,778,992(L)[1]	8.20%
FountainVest China Capital Partners GP3 Ltd.[6]	Interest in controlled corporation	46,975,396(L)[1]	6.99%
FountainVest China Capital Partners Fund III, L.P.[6]	Interest in controlled corporation	46,975,396(L)[1]	6.99%
Begonia Investment Ltd.[6]	Beneficial interest	46,975,396 (L)[1]	6.99%
TCT (BVI) Limited[7]	Interest in controlled corporation	45,702,232(L)[1]	6.84%
THE CORE TRUST COMPANY LIMITED[7]	Trustee	45,702,232(L)[1]	6.84%
FIDELITY INVESTMENT TRUST	Beneficial interest	41,866,229(L)[1]	6.27%
Qiming Corporate GP V, Ltd[8]	Interest in controlled corporation	40,170,442(L)[1]	6.01%
Qiming GP V, L.P.[8]	Interest in controlled corporation	38,961,648(L)[1]	5.83%
Qiming Venture Partners V, L.P.[8]	Beneficial interest	38,961,648(L)[1]	5.83%

Notes:

(1) "L" means holding a long position in Shares.

(2) Refers to the percentage of the number of relevant Shares involved divided by the number of Shares in issue of the Company as at December 31, 2021.

(3) Meiland Pharma Tech SC holds 175,927,994 Shares and is owned as to 75% by JAY MEI 2020 GRAT. Accordingly, JAY MEI 2020 GRAT is deemed to be interested in the total number of Shares held by Meiland Pharma Tech SC.

(4) Active Ambience Limited ("**Active Ambience**") is wholly-owned by Boyu Capital Fund III, L.P. ("**BCF III**"). Boyu Capital General Partner III, L.P. ("**BCGP III LP**") is the general partner of BCF III. Boyu Capital General Partner III, Ltd. ("**BCGP III Ltd**") is the general partner of BCGP III LP. Boyu Capital Group Holdings Ltd. ("**BCGH**") wholly-owns BCGP III Ltd. Accordingly, each of BCF III, BCGP III LP, BCGP III Ltd and BCGH is deemed to be interested in the total number of Shares held by Active Ambience. In addition, Supercluster Universe Limited ("**Supercluster Universe**") holds 3,538,714 Shares immediately following completion of the Capitalization Issue and the Global Offering. Supercluster Universe is wholly-owned by Boyu Capital Opportunities Master Fund ("**BCOMF**"), which is in turn wholly-owned by Boyu Capital Investment Management Limited ("**BCIM**"). BCIM is wholly-owned by BCGH. Accordingly, BCGH is also deemed to be interested in the total number of Shares held by Supercluster Universe and 7,539,500 Shares directly held by BCOMF.

(5) 12,026,412 Shares, 29,293,968 Shares, 12,914,312 Shares and 544,300 Shares are directly held by FMR Investment Management (UK) Limited ("**FIML**"), FIDELITY MANAGEMENT & RESEARCH (HONG KONG) LIMITED ("**FMRL**"), Fidelity Management & Research Company LLC ("**FMRCL**") and Fidelity Institutional Asset Management Trust Company ("**FIAMTC**"), respectively. Each of FIML and FMRL is wholly-owned by FMRCL, which is in turn wholly-owned by FMR LLC. FIAMTC is wholly-owned by FIAM Holdings LLC, which is in turn wholly-owned by FMR LLC. Accordingly, FMR LLC is deemed to be interested in the Shares held by FIML, FMRL, FMRCL and FIAMTC.

(6) Begonia Investment Ltd. ("**Begonia**") is owned as to 76.25% by FountainVest China Capital Partners Fund III, L.P., which is wholly controlled by FountainVest China Capital Partners GP3 Ltd. Accordingly, each of FountainVest China Capital Partners Fund III, L.P. and FountainVest China Capital Partners GP3 Ltd. is deemed to be interested in the 46,975,396 Shares held by Begonia.

(7) THE CORE TRUST COMPANY LIMITED, as a trustee, holds 20,000,000 Shares and 25,702,232 Shares on trust under certain equity incentive plans through ATG Incentives Holding Limited and ATG Incentives Holding Plus Limited (each a "**Nominee**" and collectively "**Nominees**"), respectively. Each of the Nominees is wholly-owned by TCT (BVI) Limited, which is in turn wholly-owned by THE CORE TRUST COMPANY LIMITED.

(8) Qiming GP V, L.P. is the general partner of Qiming Venture Partners V, L.P., and Qiming Corporate GP V, Ltd is the general partner of Qiming GP V, L.P. Accordingly, each of Qiming GP V, L.P. and Qiming Corporate GP V, Ltd is deemed to be interested in the total number of Shares held by Qiming Venture Partners V, L.P. In addition, Qiming Managing Directors Fund V, L.P. holds 1,208,794 Shares immediately following completion of the Capitalization Issue and the Global Offering. Qiming Corporate GP V, Ltd is the general partner of Qiming Managing Directors Fund V, L.P. and is deemed to be interested in the total number of Shares held by the latter.

Save as disclosed above, as at December 31, 2021, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the financial year ended December 31, 2021, the Company has granted share options under its share option scheme to grantees who are Directors on January 19, 2021 and August 27, 2021 respectively. On September 1, 2021, 330,000 share options which were granted on August 27, 2021 were cancelled after further consideration of the Board. Details of each of the above grant to the Directors as at the date of grant are set out as follows:

Grant of share options on January 19, 2021

Name of Director	Number of share options granted
Mr. Yiteng Liu[(1)]	300,000
Mr. John F. Chin	300,000

Grant of share options on August 27, 2021

Name of Director	Number of share options granted
Dr. Jay Mei	1,000,000 (330,000 of which were cancelled on September 1, 2021)
Mr. Donald Andrew Lung	100,000
Mr. John F. Chin	80,000
Dr. Kevin Patrick Lynch	300,000
Mr. Mark J. Alles	50,000
Ms. Jing Qian	10,000
Mr. Sheng Tang	10,000
Mr. Yiteng Liu[(1)]	100,000

Notes:

(i) Mr. Yiteng Liu has retired as a Director with effect from June 18, 2021.

Save as disclosed in this report, at no time during the year ended December 31, 2021 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouse or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this report, each of the Directors confirms that during the year ended December 31, 2021, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules. From time to time our Non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these Non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these Directors may hold directorships from time to time.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

For the year ended December 31, 2021, none of the related parties transactions as disclosed in Note 29 to the Consolidated Financial Statements constitute any non-exempt connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. For the year ended December 31, 2021, we have not entered into any non-exempt connected transaction or continuing connected transaction which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Save as disclosed in this report, no Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the year ended December 31, 2021 and up to the date of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2021 and up to the date of this report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Company shall indemnify out of the assets of the Company, any Director against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceeding, whether civil or criminal, in which judgment is given in his/her favour, or in which he is acquitted. The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group.

STAFF, REMUNERATION POLICY AND DIRECTORS' REMUNERATION

As at December 31, 2021, we had 329 employees (as at December 31, 2020: 114 employees). Our employees' remuneration comprises salaries, bonuses, employee provident fund and social security contributions and other welfare payments. In accordance with applicable PRC laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees in the PRC.

Our Directors receive compensation in the form of fees, salaries, bonuses, other allowances, benefits in kind, contribution to the pension scheme and other share-based compensation. We determine the compensation of our Directors based on each Director's responsibilities, qualification, position and seniority. Details of the Directors' remuneration during the year are set out in note 8 to the Consolidated Financial Statements. No amount was paid to any Director or any of the five highest paid individual disclosed in note 9 to the Consolidated Financial Statements as an inducement to join or upon joining the Company or as a compensation for loss of office. In addition, there was no arrangement under which a Director waived or agreed to waive any remuneration.

EQUITY INCENTIVE PLANS

The 2019 Equity Incentive Plan was adopted and approved by resolutions in writing by the Board on December 30, 2019 and amended by resolutions in writing by the Board on August 18, 2020. The 2020 Equity Incentive Plan was adopted and approved by resolutions in writing by the Board on August 18, 2020. The terms of the 2019 Equity Incentive Plan and the 2020 Equity Incentive Plan (collectively, the "**Equity Incentive Plans**") are substantially similar and are compliant with the provisions of Chapter 17 of the Listing Rules.

The following is a summary of the principal terms of the 2019 Equity Incentive Plan and the 2020 Equity Incentive Plan.

- Summary of terms

Purpose. The purpose of the Equity Incentive Plans is to enhance the long-term Shareholder value of our Company by offering opportunities to employees, Directors and officers of our Group to participate in and benefit from our Company's growth and success, and to secure and retain the services of eligible participants.

Eligible Participants. Any of the following persons shall be eligible to participate in the Equity Incentive Plans subject to the Board's approval:

- any officer (whether or not a director) or employee of our Company or any of its subsidiaries;
- any director of our Company or any of its subsidiaries; or
- any individual consultant or advisor who renders or has rendered bona fide services to our Company or any of its subsidiaries, each subject to the approval of the Board.

Maximum Number of Shares. The maximum number of Shares underlying the share options shall not exceed 45,702,232 Shares, being no more than 10% of the total issued share capital of the Company Shares as at the Listing Date. As at December 31, 2021, 20,000,000 Shares have been allotted and issued and are currently held by The Core Trust Company Limited (the "**Trustee**") on trust through ATG Incentives Holding Limited ("**ATG Incentives**") and 25,702,232 Shares have been allotted and issued and are currently held by the Trustee on trust through ATG Incentives Holding Plus Limited ("**ATG Incentives Plus**"), respectively, for further grant of share options under the Equity Incentive Plans. Each of ATG Incentives and ATG Incentives Plus is a special purpose vehicle managed by the Trustee established for the purpose of holding Shares for grant of share options pursuant to the Equity Incentive Plans.

Maximum Entitlement of a Participant. No share option shall be granted to any one person such that the total number of Shares subject to the share options and any other option over the Shares (including exercised, cancelled and outstanding options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time, except with the approval of the Shareholders of the Company with such person and his close associates abstaining from voting.

Performance Target. The share options will be allocated and granted subject to the performance criteria as set forth at the sole discretion of the Board.

Exercise Price. The exercise price under each share option shall be set forth in the notice of grant. The Board may determine any further discount to the exercise price upon or after the grant of the option, provided that the exercise price in respect of any share option granted shall be not less than the highest of: (i) the nominal value of the Shares; (ii) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the grant date of such share option (the "**Grant Date**"), which must be a business day; and (iii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Grant Date. The participant has the discretion to pay the exercise price by any combination of payment methods set forth in the Equity Incentive Plans. The tax withholding to be paid for the Shares shall be determined according to the provisions in the Equity Incentive Plans and applicable law.

Duration. Unless terminated sooner by the Administrator (as defined below), the Equity Incentive Plans will automatically terminate on the tenth anniversary of their respective effective date, after which no share option may be granted. The remaining life of each of the 2019 Equity Incentive Plan and the 2020 Equity Incentive Plan is approximately 7.5 years and approximately 8.5 years, respectively.

Administration. The Equity Incentive Plans shall be subject to the administration of the Trustee (the "**Administrator**") in accordance with the decisions and directions of the Board. Subject to any applicable laws, regulations and rules, the powers and obligations of the Administrator will be limited as set forth in a trust deed entered into between our Company and the Trustee.

Option Agreement and Notice of Grant. Each share option granted under the Equity Incentive Plans shall be evidenced by an option agreement and a notice of grant in the specified form between our Company and a participant. Subject to the terms of the Equity Incentive Plans and the terms of the form option agreement attached thereto, each share option may contain additional terms and conditions as the Board deems appropriate.

Options. The Equity Incentive Plans provide for award of options only. The CEO is entitled to make proposals ("**Management Proposals**") to the Board with respect to any and all matters as our Company deems necessary or desirable in connection with the Equity Incentive Plans or the option agreements, which shall be subject to the Board's further review and approval. Share options may be granted only to those persons whom the Board determined to be eligible recipients based on the Management Proposals at the exercise price determined by the Board and subject to the performance criteria as set forth at the sole discretion of the Board. Each vested share option shall not be exercisable until the later of (i) the date such share option has vested in accordance with the terms of the Equity Incentive Plans or (ii) 30 days after the Listing, but shall be exercised no later than 10 years from the date of grant (the "**Exercise Period**"). The participant must send a written notice of exercise in the specified form to our Company within the Exercise Period, setting forth the number of Shares with respect to which the share option is being exercised and accompanied by full payment for the Shares.

Vesting. Subject to other conditions set forth in the Equity Incentive Plans and the applicable option agreement, a participant's share option shall be vested according to the following schedule: (i) 30% of the share option shall be vested on the second anniversary of the Grant Date, (ii) 30% of the share option shall be vested on the third anniversary of the Grant Date, and (iii) the remaining 40% of the share option shall be vested on the fourth anniversary of the Grant Date. The Board may decide to accelerate the vesting schedule of share options at its sole discretion.

- Outstanding share options granted under the Equity Incentive Plans

The total number of shares of the Company that could be issued upon exercise of (i) all outstanding share options under the Equity Incentive Plans and (ii) all share options that could be granted under the then available scheme mandate limit as at December 31, 2021 was 36,364,004 and 7,387,912 shares respectively, which represented about 5.47% and 1.11% of the issued share capital of the Company as at the date of this report respectively.

The share options have been granted based on the performance, length of service and significance of the grantees who have made important contributions to and are important to the long-term growth and success of our Group. As at December 31, 2021, the grantees under the Equity Incentive Plans include 8 Directors, 1 member of the senior management and 158 other employees of our Group. Details of the share options granted under the Equity Incentive Plans as at December 31, 2021 are set out below:

Name or category of grantee	Outstanding As at January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2021	Date of Grant	Exercise Price	Vesting Period	Share closing price immediately before the date of grant of share options	Weighted average share closing price immediately before the exercise dates
Dr. Jay Mei	4,000,000	-	-	-	-	4,000,000	23-Aug-20	US$0.92	Note 1	N/A (Note 2)	N/A
	-	1,000,000	-	330,000	-	670,000	27-Aug-21	HK$12.56	Note 3	HK$12.94	N/A
	4,000,000	1,000,000	-	330,000	-	4,670,000					N/A
Mr. John F. Chin	1,000,000	-	-	-	-	1,000,000	23-Aug-20	US$0.92	Note 3	N/A (Note 2)	N/A
	-	300,000	-	-	-	300,000	19-Jan-21	HK$20.65	Note 3	HK$20.9	N/A
	-	80,000	-	-	-	80,000	27-Aug-21	HK$12.56	Note 3	HK$12.94	N/A
	1,000,000	380,000	-	-	-	1,380,000					N/A
Dr. Kevin Patrick Lynch	20,000	-	-	-	-	20,000	23-Aug-20	US$1.42	Note 3	N/A (Note 2)	N/A
	-	300,000	-	-	-	300,000	27-Aug-21	HK$12.56	Note 3	HK$12.94	N/A
	20,000	300,000	-	-	-	320,000					N/A

Name or category of grantee	Outstanding As at January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2021	Date of Grant	Exercise Price	Vesting Period	Share closing price immediately before the date of grant of share options	Weighted average share closing price immediately before the exercise dates
Mr. Donald Andrew Lung	3,200,000	-	-	-	-	3,200,000	23-Aug-20	US$1.42	Note 3	N/A (Note 2)	N/A
	-	300,000	-	-	-	300,000	19-Jan-21	HK$20.65	Note 3	HK$20.9	N/A
	-	100,000	-	-	-	100,000	27-Aug-21	HK$12.56	Note 3	HK$12.94	N/A
	3,200,000	400,000	-	-	-	3,600,000					
Mr. Mark J. Alles	600,000	-	-	-	-	600,000	23-Aug-20	US$0.92	Note 3	N/A (Note 2)	N/A
	-	50,000	-	-	-	50,000	27-Aug-21	HK$12.56	Note 3	HK$12.94	N/A
	600,000	50,000	-	-	-	650,000					
Ms. Jing Qian	20,000	-	-	-	-	20,000	23-Aug-20	US$0.92	Note 3	N/A (Note 2)	N/A
	-	10,000	-	-	-	10,000	27-Aug-21	HK$12.56	Note 3	HK$12.94	N/A
	20,000	10,000	-	-	-	30,000					
Mr. Sheng Tang	20,000	-	-	-	-	20,000	23-Aug-20	US$0.92	Note 3	N/A (Note 2)	N/A
	-	10,000	-	-	-	10,000	27-Aug-21	HK$12.56	Note 3	HK$12.94	N/A
	20,000	10,000	-	-	-	30,000					
Mr. Yiteng Liu (Note 4)	2,000,000	-	148,500	-	-	1,851,500	23-Aug-20	US$0.92	Note 1	N/A (Note 2)	19.56
	400,000	-	-	-	-	400,000	30-Oct-20	US$0.92	Note 1	N/A (Note 2)	N/A
	-	300,000	-	-	-	300,000	19-Jan-21	HK$20.65	Note 3	HK$20.9	N/A
	-	100,000	-	-	-	100,000	27-Aug-21	HK$12.56	Note 3	HK$12.94	N/A
	2,400,000	400,000	148,500	-	-	2,651,500					
Mr. Bo Shan	1,020,000	-	-	-	-	1,020,000	1-Nov-19	US$0.88	Note 5	N/A (Note 2)	N/A
	600,000	-	-	-	-	600,000	23-Aug-20	US$1.06	Note 3	N/A (Note 2)	N/A
		400,000	-	-	-	400,000	19-Jan-21	HK$20.65	Note 3	HK$20.9	N/A
		150,000	-	-	-	150,000	27-Aug-21	HK$12.56	Note 3	HK$12.94	N/A
	1,620,000	550,000	-	-	-	2,170,000					
Subtotal	12,880,000	3,100,000	148,500	330,000	-	15,501,500					

Name or category of grantee	Outstanding As at January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2021	Date of Grant	Exercise Price	Vesting Period	Share closing price immediately before the date of grant of share options	Weighted average share closing price immediately before the exercise dates
158 other employees of the Company	721,154	-	-	29,316	-	691,838	1-Nov-19 to 30-Oct-20	US$0.88	Note 3	N/A (Note 2)	N/A
	7,897,024	-	170,500	160,000	-	7,566,524		US$0.88	Note 5	N/A (Note 2)	18.71
	1,562,000	-	-	-	-	1,562,000		US$0.92	Note 3	N/A (Note 2)	N/A
	1,320,000	-	-	10,000	-	1,310,000		US$1.06	Note 3	N/A (Note 2)	N/A
	922,000	-	-	184,000	-	738,000		US$1.21	Note 3	N/A (Note 2)	N/A
	1,772,000	-	-	236,000	-	1,536,000		US$1.42	Note 3	N/A (Note 2)	N/A
	-	4,956,000	-	521,000	-	4,435,000	19-Jan-21	HK$20.65	Note 3	HK$20.9	N/A
	-	2,948,142	-	103,000	-	2,845,142	27-Aug-21	HK$12.56	Note 3	HK$12.94	N/A
	-	178,000	-	-	-	178,000	20-Dec-21	HK$10.29	Note 3	HK$10.1	N/A
Subtotal	14,194,178	8,082,142	170,500	1,243,316	-	20,862,504					
Total	27,074,178	11,182,142	319,000	1,573,316	-	36,364,004					

Notes:

1. All of such options are to be vested six months after the Listing Date.

2. Such share options were granted before the Listing Date and therefore the share closing price immediately before the date of grant of the share options is not applicable.

3. 30% of such share options are to be vested two years from the date of grant; 30% of such options are to be vested three years from the date of grant; 40% of such options are to vested four years from the date of grant.

4. Mr. Yiteng Liu has resigned as a Director with effect from June 18, 2021.

5. 15 % of such share options were vested upon the Listing Date; 15% of such options are to be vested two years from the date of grant; 30% of such options are to be vested three years from the date of grant; 40% of such options are to vested four years from the date of grant.

For further details, please refer to note 26 to the Consolidated Financial Statements of this report.

RESTRICTED SHARE UNIT SCHEME

Subsequent to the year ended December 31, 2021, on January 21, 2022, the Board has resolved to adopt the 2022 RSU Scheme, which is in parallel with other share incentive schemes which have been or may be adopted by the Company.

The following is a summary of the principal terms of the 2022 RSU Scheme.

– Summary of terms

Purpose. The purpose of the 2022 RSU Scheme is to recognize the contributions by certain eligible participants, to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Administration. The 2022 RSU Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules relating to the 2022 RSU Scheme (the "**Scheme Rules**") and the trust deed.

Selected Participants. The selected participants include any individual being an employee, director (including executive director, non-executive director, independent non-executive director) or officer of any member of the Group, or any advisor or consultant of any member of the Group at any time during the trust period selected by the Board for participation in the 2022 RSU Scheme.

Scheme Limit. The maximum number of awarded shares underlying the restricted share units ("**RSUs**") awarded by the Board under the 2022 RSU Scheme (i) shall not exceed 5% of the total issued share capital of the Company as at the date of adoption of the RSU Scheme (the "**Adoption Date**") (i.e. 33,284,157 Shares) and (ii) shall be subject to an annual limit of 3% of the total issued share capital of the Company at the relevant time. The maximum number of awarded shares underlying the RSUs which may be awarded to a Selected Participant under the scheme shall not exceed 1% of the issued share capital of the Company in any 12-month period. Awards lapsed in accordance with the terms of the Scheme shall not be counted for the purpose of calculating the limit.

Operation. Any awarded shares shall either be (i) existing Shares transferred, gifted, assigned, or conveyed to the trust or as may be purchased by the trustee on the Stock Exchange or off the market; or (ii) new Shares to be allotted and issued to the trustee by the Company pursuant to general mandate or specific mandate granted by Shareholders at general meeting(s) of the Company from time to time. Subject to the Scheme Rules, the Board may from time to time instruct the trustee in writing to purchase the Shares on the Stock Exchange and to hold them in trust for the benefit of the selected participants under the trust on and subject to the terms and conditions of the Scheme Rules and the trust deed.

Grant. In determining the number of RSUs to be granted to any selected participant, the Board shall take into consideration matters including, but without limitation: (i) the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group; (ii) the general financial condition of the Group; (iii) the Group's overall business objectives and future development plan; and (iv) any other matter which the Board considers relevant.

Vesting. The Board is entitled to impose any conditions (including a period of continued service within the Group after the award), as it deems appropriate in its absolute discretion with respect to the vesting of the RSUs on the selected participant. Subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions. Shares underlying any RSUs granted under the Scheme that lapse for any reason without having been exercised and Shares underlying the unexercised portion of any RSUs in case of partial exercise will, to the extent not prohibited by applicable laws and regulations, be available for subsequent award grants under the Scheme.

Duration. Unless terminated earlier by the Board pursuant to the Scheme Rules, the 2022 RSU Scheme shall be valid and effective for ten years commencing from the Adoption Date, after which period no further Awards will be granted.

EQUITY-LINKED AGREEMENT

Save as disclosed in this report, there was no equity-linked agreement entered into by the Company during the year ended December 31, 2021.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2021, the respective percentage of revenue attributable to the Group's largest customer and five largest customers in aggregate was 98.4% and 100%, respectively.

During the year ended December 31, 2021, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 16.5% and 38.4%, respectively.

None of our Directors or any of their close associates or any Shareholder (which to the best knowledge of our Directors owned more than 5% of the Company's issued share capital) had any interest in any of our five largest suppliers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company repurchased 5,497,500 shares on the Stock Exchange for an aggregate consideration of approximately HK$58.3 million before expenses. All of the repurchased shares were subsequently cancelled. Details of the share repurchased are as follows:

Month of Repurchase during the Reporting Period	No. of Shares Repurchased	Highest price paid (HK$)	Lowest price paid (HK$)	Aggregate consideration paid (HK$)
October 2021	1,446,000	11.16	10.16	15,173,560
November 2021	1,844,500	12.48	10.12	20,165,550
December 2021	2,207,000	11.9	9.54	22,915,575
Total	5,497,500			58,254,685

Subsequent to the Reporting Period, in January 2022 the Company repurchased 1,300,000 shares on the Stock Exchange for an aggregate consideration of approximately HK$12.0 million before expenses. The highest price paid per share and the lowest price paid per share is HK$9.61 and HK$9.07 respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period and up to the date of this report.

CHARITABLE CONTRIBUTIONS

During the year ended December 31, 2021, the Group made a charitable contribution of medical supplies including 15,000 medical masks, 500 sets of protective clothes, 100 boxes of medical gloves and 300 bottles of hand sanitizers in the amount of approximately RMB66,700 to Shaoxing city to support front-line medical workers.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with the principles and code provisions as set out in the CG Code contained in Appendix 14 of the Listing Rules for the year ended December 31, 2021 and up to the date of this report, save for the deviation from code provision C.2.1 (i.e. former code provision A.2.1) as disclosed below.

We do not have separate Chairman of the Board and CEO and Dr. Jay Mei, the founder of our Company, Chairman of our Board and CEO, currently performs these two roles. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Dr. Jay Mei is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our CEO. Our Board also believes that the combined role of Chairman of the Board and CEO can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Board will continue to review and consider splitting the roles of Chairman of the Board and the CEO at a time when it is appropriate by taking into account the circumstances of our Group as a whole. We aim to implement a high standard of corporate governance, which is crucial to safeguard the interests of our Shareholders.

REPORT OF DIRECTORS

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2021 have been audited by Ernst & Young.

Ernst & Young shall retire and being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the forthcoming annual general meeting.

By order of the Board of Directors

Antengene Corporation Limited
Dr. Jay Mei
Chairman

Hong Kong, March 18, 2022

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate our business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the CG Code contained in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

In the opinion of the Directors, for the year ended December 31, 2021 and to the date of this report, the Company has complied with all the code provisions as set out in the CG Code, except for code provision C.2.1 of the CG Code (i.e. former coder provision A.2.1) which provides that the roles of Chairman of the Board (the "**Chairman**") and Chief Executive Officer (the "**CEO**") should be separated and should not be performed by the same individual, details of which are set out on page 60 under the section headed "Board of Directors – Chairman and CEO" of this Corporate Governance Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**").

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code for year ended December 31, 2021 and/or their respective appointment date up to the date of this report.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company as at the date of this report.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and makes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing such responsibilities.

CORPORATE GOVERNANCE REPORT

Board Composition

The Board currently comprises nine Directors, consisting of four Executive Directors, two Non-executive Directors and three Independent Non-executive Directors.

Executive Directors

Dr. Jay Mei *(Chairman and Chief Executive Officer)*
Mr. John F. Chin *(Chief Business Officer)*
Mr. Donald Andrew Lung *(Chief Financial Officer)*
Dr. Kevin Patrick Lynch *(Chief Medical Officer)*

Non-executive Directors

Mr. Yilun Liu
Dr. Kan Chen

Independent Non-executive Directors

Mr. Mark J. Alles
Ms. Jing Qian
Mr. Sheng Tang

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" on pages 30 to 35 of this report.

To the best knowledge of the Company, there has been no other financial, business, family, or other material/relevant relationships among members of the Board.

Chairman and CEO

The roles of the Chairman and CEO of the Company are held by Dr. Jay Mei who is the founder of the Company.

The Board believes that, in view of his experience, personal profile and his roles in the Company, Dr. Jay Mei is the director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as the CEO. The Board also believes that the combined role of Chairman and CEO can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

Further, the decisions to be made by the Board require approval by at least a majority of our Directors and that the Board comprises two Non-executive Directors and three Independent Non-executive Directors, which the Company believes that there are sufficient checks and balances in the Board. Dr. Jay Mei and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they shall act for the benefit and in the best interest of the Company and will make decisions for the Group accordingly.

The Board will continue to review and consider splitting the roles of the Chairman and the CEO at the time when it is appropriate by taking into account the circumstances of the Group as a whole.

Independent Non-executive Directors

For the year ended December 31, 2021 and to the date of this report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing at least one- third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors are independent.

Appointment and Re-election of Directors

Each of the Executive Directors has entered into a service contract with the Company under which the initial term of their service contract shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than two months' prior notice.

Each of the Non-executive Directors has entered into a service contract with the Company under which the initial term of their service contract shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one month's prior notice.

Each of the Independent Non-executive Directors has entered into an appointment letter with the Company effective from the Listing Date. The initial term of their appointment letters shall commence from the date of their appointment for a period of three years or until the third annual general meeting of the Company after the Listing Date, whichever is earlier (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

The appointments of Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Reference is made to the announcements of the Company dated December 16, 2021 in relation to the resignation of Mr. Yanling Cao as a non-executive Director and the appointment of Mr. Yilun Liu as a non-executive Director. Article 16.2 of the Articles of Association provides that any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. As such, Mr. Yilun Liu shall hold office until the forthcoming AGM (being the first general meeting after his appointment) and is subject to re-election by Shareholders at the forthcoming AGM.

Under Article 16.19 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to, but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. John F. Chin, Dr. Kevin Patrick Lynch, Mr. Donald Andrew Lung and Mr. Yilun Liu shall retire from office by rotation at the conclusion of the forthcoming AGM. All of them, being eligible, will offer themselves for re-election at the AGM.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decisions on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal action taken against them arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of a Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by regular meetings with senior management of the Company to understand the Group's businesses, governance policies and regulatory environment.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

According to the records maintained by the Company, the Directors participated in appropriate continuous professional development during the year ended December 31, 2021:

Directors	Participated in continuous professional development [Note]
Executive Directors	
Dr. Jay Mei *(Chairman and CEO)*	√
Mr. John F. Chin *(Chief Business Officer)*	√
Dr. Kevin Patrick Lynch *(Chief Medical Officer)* (appointed on June 18, 2021)	√
Mr. Donald Andrew Lung *(Chief Financial Officer)* (appointed on June 18, 2021)	√
Mr. Yiteng Liu (retired on June 18, 2021)	√
Non-executive Directors	
Dr. Kan Chen (appointed on March 26, 2021)	√
Mr. Yilun Liu (appointed on December 16, 2021)	√
Mr. Xubo Hu (resigned on March 26, 2021)	√
Mr. Zhen Li (retired on June 18, 2021)	√
Mr. Yanling Cao (resigned on December 16, 2021)	√
Independent Non-executive Directors	
Mr. Mark J. Alles	√
Ms. Jing Qian	√
Mr. Sheng Tang	√

Note: Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" on page 2 of this report.

Audit Committee

The Audit Committee consists of three members, including three Independent Non-executive Directors, namely Mr. Sheng Tang, Mr. Mark J. Alles and Ms. Jing Qian. Mr. Sheng Tang, being the Chairman of the Audit Committee, holds the appropriate professional qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the financial results and report for the Reporting Period and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors, engagement of non-audit services and relevant scope of works and arrangements for employees to raise concerns about possible improprieties. The risk management and internal control systems are reviewed on an annual basis by the Audit Committee.

For the year ended December 31, 2021 and to December 31, 2021, the chairman of the Audit Committee held 4 meetings with the external auditors without the presence of the Executive Directors.

Remuneration Committee

The Remuneration Committee consists of three members, including one executive Director, namely, Dr. Jay Mei, and two independent non-executive Directors, namely, Ms. Jing Qian and Mr. Mark J. Alles. Ms. Jing Qian is the Chairwoman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include, without limitation, (i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

During 2021, the Remuneration Committee has performed the aforesaid functions and has accomplished the following:

- making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management;
- making recommendations to the Board about the remuneration packages of new appointment directors such as Dr. Kevin Patrick Lynch, Mr. Donald Andrew Lung, Dr. Kan Chen and Mr. Yilun Liu, respectively;
- determining specific remuneration packages of directors who were elected during the year; and
- reviewing and approving proposed grant of share options as long term incentives.

The remuneration payable to the senior management of the Company (who are not the Directors) is shown in the following table by band:

	2021 Number of Individual(s)	2020 Number of Individual(s)
HKD4,000,001 to HKD4,500,000	**–**	2
HKD4,500,001 to HKD5,000,000	**–**	–
HKD5,000,001 to HKD5,500,000	**–**	–
HKD5,500,001 to HKD6,000,000	**–**	–
HKD6,000,001 to HKD6,500,000	**–**	–
HKD6,500,001 to HKD7,000,000	**1**	–
HKD7,000,001 to HKD7,500,000	**–**	–
HKD7,500,001 to HKD8,000,000	**–**	–
HKD8,000,001 to HKD8,500,000	**–**	–
HKD8,500,001 to HKD9,000,000	**1**	–
	2	2

Further details of the remuneration payable to the Directors and the five highest paid individuals for the year ended December 31, 2021 are set out in note 8 and note 9, respectively, to the Consolidated Financial Statements in this report.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee consists of three members, including one Executive Director namely Dr. Jay Mei, and two Independent Non-executive Directors, namely Mr. Mark J. Alles and Ms. Jing Qian. Mr. Mark J. Alles is the Chairman of the Nomination and Corporate Governance Committee.

The terms of reference of the Nomination and Corporate Governance Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination and Corporate Governance Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of Independent Non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors, developing, reviewing and assessing the adequacy of the Company's policies and practices on corporate governance and reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

During 2021, the Nomination and Corporate Governance Committee has performed the aforesaid functions.

In assessing the Board composition, the Nomination and Corporate Governance Committee would take into account various aspects as well as factors concerning board diversity as set out in the Company's board diversity policy (the "**Board Diversity Policy**"). The Nomination and Corporate Governance Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination and Corporate Governance Committee would consider the candidate's relevant criteria as set out in the Company's director nomination policy (the "**Director Nomination Policy**") that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

The structure, size and composition of the Board and the independence of the Independent Non-executive Directors have been reviewed by the Board and the Board considered that an appropriate balance of diversity perspectives of the Board was maintained for 2021.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of biotechnology, clinical research, life science, business management, finance, investment, and accounting. They obtained degrees in various areas including medicine, pharmacology, toxicology, science, organic chemistry, electronic engineering, business administration, economics, mathematics and laws. The Board Diversity Policy is well implemented as evidenced by the fact that there are both female and male Directors ranging from 36 years old to 61 years old with experience from different industries and sectors.

The Company is also committed to adopting a similar approach to promote diversity within management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

The Nomination and Corporate Governance Committee is delegated by the Board to be responsible for compliance with relevant codes governing board diversity under the Code. The Nomination and Corporate Governance Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

At present, the Nomination and Corporate Governance Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objective.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination and Corporate Governance Committee.

The Company has a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Reputation for integrity
- Commitment in respect of available time and relevant interest
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination and Corporate Governance Committee will recommend to the Board for the appointment of a Director including an independent non-executive Director in accordance with the following selection criteria and nomination procedures:

- identify individuals who are suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, having due regard to the Company's Board diversity policy, the requirements in the Company's constitution, the Listing Rules and applicable laws and regulations, and the relevant candidates' contributions to the Board in terms of qualifications, skills, experiences, independence and gender diversity;

- assess the independence of independent non-executive Directors to determine their eligibility with reference to the factors set out in Rule 3.13 of the Listing Rules and any other factors deemed appropriate by the Nomination and Corporate Governance Committee or the Board. If a proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, to assess his/her ability to devote sufficient time to the Board matters; and

- develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to evaluating the balance of skills, knowledge and experience on the Board, and in the light of this evaluation prepared a description of the role and capabilities required for a particular appointment.

During 2021, the committee made recommendations to the Board to appoint Dr. Kevin Patrick Lynch and Mr. Donald Andrew Lung as executive Directors; and Dr. Kan Chen and Mr. Yilun Liu as non-executive Directors of the Company.

The Nomination and Corporate Governance Committee will review the Director Nomination Policy, from time to time and as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in Principle A.2 (i.e. former code provision D.3.1) of the CG Code.

For the year ended December 31, 2021 and to the date of this report, the Board together with the Nomination and Corporate Governance Committee had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

For the year ended December 31, 2021, the Board has held 6 meetings. The Company expects to continue to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision A.1.1 of the CG Code. The Company will also arrange for the Chairman to have meetings with the Independent Non-executive Directors so as to comply with the requirement of code provision A.2.7 of the CG Code.

The attendance record of each Director at the Board and Board committee meetings of the Company held for the year ended December 31, 2021 is set out in the table below:

	Attendance/Number of Meetings			
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination and Corporate Governance Committee**
Executive Directors				
Dr. Jay Mei *(Chairman and Chief Executive Officer)*	6/6	N/A	3/3	3/3
Mr. John F. Chin *(Chief Business Officer)*	6/6	N/A	N/A	N/A
Mr. Donald Andrew Lung *(Chief Financial Officer)*	6/6	N/A	N/A	N/A
Dr. Kevin Patrick Lynch *(Chief Medical Officer)*	6/6	N/A	N/A	N/A
Non-executive Directors				
Dr. Kan Chen	5/6	N/A	N/A	N/A
Mr. Yilun Liu (appointed on December 16, 2021)	1/6	N/A	N/A	N/A
Independent Non-executive Directors				
Mr. Mark J. Alles	6/6	3/3	3/3	3/3
Ms. Jing Qian	6/6	3/3	3/3	3/3
Mr. Sheng Tang	6/6	3/3	N/A	N/A

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness on an annual basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company has adopted a comprehensive set of risk management policies, which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with its strategic objectives on an ongoing basis. Our senior management, and ultimately our Directors, supervise the implementation of our risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors.

The following key principles outline the Company's approach to risk management:

(a) The Audit Committee oversees and manages the overall risks associated with the Company's business operations, including (i) reviewing and approving the Company's risk management policies to ensure that it is consistent with its corporate objectives; (ii) monitoring the most significant risks associated with the Company's business operations and its management's handling of such risks; and (iii) ensuring the appropriate application of our risk management framework across the Group.

(b) The relevant departments, including but not limited to the business operations department, finance department and general administration department, are responsible for developing and implementing our risk management policy and carrying out our day-to-day risk management practice, such as assessing risks on key business operations, advising risk responses and optimizing risk management policies. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

We consider that the Directors and members of the Company's senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Internal Control

The Board is responsible for establishing and ensuring effective internal controls to safeguard the Shareholder's investment at all times. The Company's internal control policies set out a framework to identify, assess, evaluate and monitor key risks associated with its strategic objectives on an ongoing basis.

The company has established the anti-corruption and anti-bribery policy, also the employee reporting policy to provide employees with high standards of behavior guidelines to ensure that our employees and business partners always adhere to the principles of integrity, honesty, responsibility and respect in accordance with this standard.

The Company has adopted various measures and procedures regarding each aspect of its business operation. The Company provides training about these measures and procedures to new employees. The Company also constantly monitors the implementation of those measures and procedures.

The Company maintains strict anti-corruption policies on personnel with external communication functions. The Company will also ensure that its commercialization team complies with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities.

The Directors (who are responsible for monitoring the corporate governance of the Group), with help from the Company's legal advisors, will also periodically review its compliance status with all relevant laws and regulations. The Audit Committee will (i) make recommendations to the Directors on the appointment and removal of external auditors; and (ii) review the financial statements and render advice in respect of financial reporting as well as oversee internal control procedures of the Group.

The Company has engaged Rainbow Capital (HK) Limited as its compliance advisor to provide advice to the Directors and management team until the end of the first full financial year commencing after the Listing Date regarding matters relating to the Listing Rules. The Company's compliance advisor is expected to ensure the Company's use of funding complies with the sections titled "Use of Proceeds" in the Prospectus, as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

During the Reporting Period, the Company has regularly reviewed and enhanced its risk management and internal control systems. We believe that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control. The Board has conducted a review of the effectiveness of the risk management and internal control systems and considers these systems effective and adequate.

The Company has established internal audit function and risk management and internal control systems with relevant policies and procedures that we believe are appropriate for our business operations.

The Company has established procedures for identifying, handling and disseminating inside information in compliance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), including the issue of an inside information disclosure policy, the annual review and update (if necessary) of such inside information disclosure policy, preclearance on dealing in Company's securities by Directors and designated members of the management, notification of regular blackout period and securities dealing restrictions to relevant Directors and employees have been implemented by the Company to guard against possible mishandling of inside information within the Group.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The following statement, which sets out the responsibilities of the directors regarding financial statements, should be read in conjunction with, but understood separately from, the auditor's statement of their responsibilities as set out in the Independent Auditor's Report contained in this annual report. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2021.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 112 to 116 of this report.

AUDITOR'S REMUNERATION

The remuneration paid to the external auditors of the Company, Ernst & Young, in respect of audit services and non-audit services for the year ended December 31, 2021 is set out below:

Service Category	Fees Paid/Payable RMB' 000
Audit services	2,300
Non-audit services	–
Total	2,300

JOINT COMPANY SECRETARIES

Mr. Yang Cao, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board's policies and procedures, as well as the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engaged Mr. Keith Shing Cheung Wong as the other joint company secretary of the Company to assist Mr. Cao to discharge his duties as company secretary of the Company. Mr. Wong currently serves as a senior manager of SWCS Corporate Services Group (Hong Kong) Limited. He is mainly responsible for managing the company secretarial and compliance work for companies listed on the Stock Exchange. Mr. Cao, the Board Secretary of the Company, is the primary contact person at the Company.

For the year ended December 31, 2021, each of Mr. Cao and Mr. Wong has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Mr. Keith Shing Cheung Wong, has resigned as a joint company secretary of the Company with effect from March 30, 2022 and Mr. Wai Chiu Wong has appointed as a joint company secretary to place the vacancy made by Mr. Keith Shing Cheung Wong.

SHAREHOLDERS' RIGHTS

The Company engages with the Shareholders through various communication channels.

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members to the Board or the secretary of the Company, specifying the objects of the meeting and signed by the requisitionist(s), provided that such requisitionist(s) held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves may convene the general meeting in the same manner and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Putting Forward Proposals at General Meetings

There are no provisions under the Articles of Association or the Companies Law of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as a Director.

Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

For proposal of a person for election as Director, pursuant to Article 16.4 of the Articles of Association, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the company secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

Putting Forward Enquiries to the Board

For putting forward any enquiry to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Suites 1206-1209, Block B
Zhongshan SOHO Plaza
1065 West Zhongshan Road
Changning District
Shanghai
PRC

Email: ir@antengene.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meetings, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The Company's existing Articles of Association were adopted on November 5, 2020 and were effective on the Listing Date. The Articles of Association is available on the Company's website and the Stock Exchange's website. From the Listing Date to the date of this report, the said Articles of Association did not have any change.

Policies relating to Shareholders

The Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors, among others, financial results, cash flow situation, business conditions and strategies and future operations and earnings, as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to Shareholders' approval.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

Antengene Corporation Limited and its subsidiaries ("**Antengene**", the "**Company**", the "**Group**" or "**we**") are pleased to release this environmental, social and governance report (the "Report") to disclose the Group's environmental, social and governance ("**ESG**") performance and information with respect to corporate social responsibility and sustainable development.

PREPARATION BASIS

The Report is compiled with reference to the Environmental, Social and Governance Reporting Guide (the "Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Report is also written in accordance with the principle of "comply or explain" provisions and the requirements of the reporting principles (materiality, quantitative, balance and consistency) of the Guide as stated below:

Materiality The process for identifying material environmental, social and governance factors, selection criteria and the description of material stakeholders and the process and results of stakeholder engagement are identified and disclosed in the Report.

Quantitative The Report embodies the quantitative principle by disclosing the measurable key performance indicators (KPIs) and quantitative information has been accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate. Information on the standards, methodologies, assumptions and/or calculation tools and source of conversion factors used for the reporting of emissions (where applicable) have been disclosed.

Balance The Report provides an unbiased picture of the Group's performance during the Reporting Period as well as avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Consistency A consistent approach to data disclosure and comparison has been adopted. Clear explanation will be set-out in the future report if there are any changes to the statistical methods, KPIs or any other relevant factors that will affect a meaningful comparison.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SCOPE OF THE REPORT

The Report covers the period from January 1, 2021 to December 31, 2021 (the "**Year**" or the "**Reporting Period**"). Unless otherwise stated, the scope of the Report is consistent with the scope covered by the Group's annual report during the Reporting Period. The reporting boundary of environmental key performance indicators ("**KPIs**") covers the Group's major business operation places, including the head offices in Shanghai and Shaoxing, Shanghai Antengene Corporation Limited, Antengene Corporation Co., Ltd., and Antengene Corporation (Hong Kong) Limited.

LANGUAGE OF THE REPORT

The Report is published in both Chinese and English. In case of inconsistency, the English version shall prevail.

APPROVAL OF THE REPORT

The Report has been approved by the board of directors of the Group (the "Board") on March 18, 2022.

PUBLICATION OF THE REPORT

The electronic version of the Report is published on the Group's official website (www.antengene.com/) and the website of the Stock Exchange (www.hkex.com.hk).

FEEDBACK ON THE REPORT

The Group values your opinions on the Report. If you have any inquiries or suggestions, please feel free to contact us through the following methods:

Address: Suites 1206-1209, Block B, Zhongshan SOHO Plaza, 1065 West Zhongshan Road, Changning District, Shanghai, PRC

E-mail: ir@antengene.com

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 AWARDS AND HONORS

Being a leading clinical-stage R&D-driven global biopharmaceutical company focused on innovative first-in-class/best-in-class therapies for oncology and other life-threatening diseases, Antengene has been awarded the following awards and honors:

(i) Inclusion in the MSCI World Small Cap Index as well as MSCI China Small Cap Index
(ii) Inclusion in the FTSE All-World Index Series
(iii) Award of "2021 China's New Pharmaceutical Innovation Force" enterprise
(iv) Inclusion in the Hang Seng Composite Index
(v) "2020 Corporate Social Responsibility Industry Model Award" in the 10th China Charity Festival
(vi) "Most Popular IPO Company by Investors" in the 5th "Golden Hong Kong Stocks" Annual Awards Ceremony

2 SUSTAINABILITY GOVERNANCE

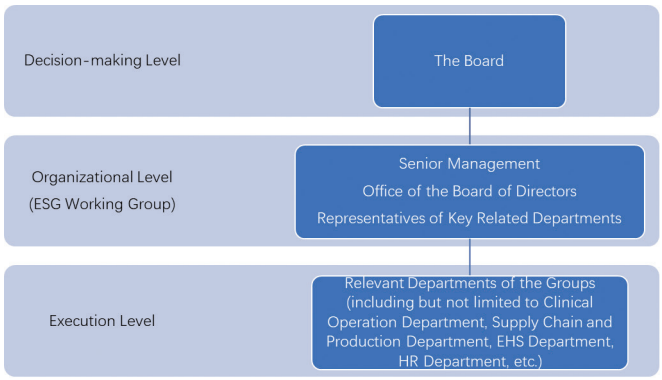
As a leading global clinical-stage R&D driven innovative biopharmaceutical company emphasizing the development of first-in-class, only-in-class and/or best-in-class therapies, the Group strives to benefit patients worldwide by providing the most cutting-edge medicines. By leveraging our industry-leading R&D capabilities, we fulfill our corporate social responsibility by innovating novel oncology therapies for cancer patients and commercializing our products. The concept of ESG is deeply integrated into our business operations to continuously improve the health and well-being of patients worldwide.

2.1 Board Statement

To take full consideration of governance and the aim of achieving sustainable development as one of our fundamental business concepts, Antengene has established an ESG management structure. The Board is fully responsible for the Group's sustainable development strategy and reporting. With the Board's authorization, the ESG Working Group formulates ESG management policies and strategies by conducting materiality analysis based on the concerns and interests of different stakeholders. Regarding the environmental aspect, Antengene has set up various relevant targets with respect to ESG. In the future, we strive to work on sustainable development and undertake progress updates based on our goals.

2.2 ESG Governance

To better integrate the concept of ESG into our management policies, group policies, and business plans, and to actively fulfill corporate social responsibilities, the Group has established an ESG management structure covering all levels of the Group, including the decision-making level, the organizational level (ESG Working Group) and the execution level. To ensure our commitment to comply with ESG strategies, goals and operations, the responsibilities of each level in the ESG management structure is specified as follows:



Decision-making Level: The Board

The Board is at the decision-making level, which is the highest authority in the Group's ESG management structure. It's responsibilities are as follows:

(a) Taking full responsibility for the formation of ESG strategies and reporting;

(b) Guiding the ESG Working Group to carry out various ESG tasks and understand relevant reports; and

(c) Determining and approving the Group's ESG management policies, strategies, plans, objectives and annual work, including identifying, evaluating, managing and responding to major ESG issues, risks and opportunities;

Organizational Level: ESG Working Group

The ESG Working Group is led by the senior management of the Group while the members of the Working Group are composed of relevant departments, such as the Office of the Board of Directors and representatives of key departments, such as the Administrative Department, Human Resources Department, Legal Department and Compliance Department, etc.

The ESG Working Group is the second layer of the ESG management framework, and its responsibilities are as follows:

(i) Reporting to the Board on a regular basis (e.g. through meetings or in written form, at least once a year);

(ii) Formulating ESG management policies, strategies, plans, annual work and goals, and submitting them to the Board for approval; and

(iii) Conducting effective communication and promoting the specific implementation of relevant work with respect to the goals approved by the Board.

Execution level: Relevant departments of the Group

The execution layer is composed of relevant departments of the Group, including but not limited to Clinical Operations Department, Supply Chain and Production Department, EHS Department, Quality Assurance Department, Procurement Department, Administration Department, Finance Department, Compliance Department, Human Resources Department, Legal Department, Customer Service Department and other departments.

The execution level is the third layer of the ESG management framework, and its responsibilities are as follows:

(i) Organizing, promoting and executing various ESG related work in accordance with the Group's ESG management policy, strategy, planning, annual work and target deployment, requirements and division of labor;

(ii) Complying with various ESG related policies and systems;

(iii) Reporting regularly to the ESG Working Group on the implementation of the Group's ESG work during the year.

2.2 Sustainability Strategies

As the Group's vision is "treating patients beyond borders and transforming their lives by discovering, developing and commercializing globally first-in-class, only-in-class and/or best-in-class therapies", we strive to align our sustainable development direction with this vision by integrating the concept of sustainable development into our daily business operations and decision-making processes. We also put great emphasis on "Commitment to Quality and Innovation", "Responsible Operation", "Talent Care and Management", "Environmental Protection" and "Community Contribution" in the formulation of internal control systems, policies, and guidelines to safeguard quality compliant operations, and to create an environmentally-friendly and fair workplace. Assessment of related ESG issues and the impact on the Group's business operations are conducted in a timely manner. In addition, to advance the ESG process and properly attend to ESG risks and issues, we will review our ESG governance and strengthen the role of the Board in the identification and management of ESG risks, as well as boosting ESG awareness throughout the group.

2.3 Communication with Stakeholders

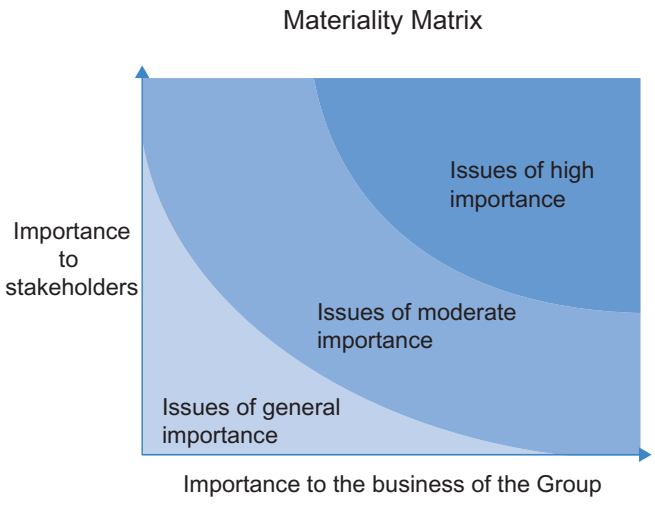
The expectations and feedback of our stakeholders, including stakeholders/investors, employees, the government and regulatory bodies, suppliers/peers, the community, and the media, are of great importance to us. We have various communication channels open to facilitate continuous and effective communication with our stakeholders. Through these channels, we aim to enhance the implementation and effectiveness of our sustainability practices in addressing our stakeholders' expectations and feedback.

Stakeholders	Major Communication Channels	
Shareholders/investors	(a)	AGM and other general meetings
	(b)	Interim reports and annual reports
	(c)	Corporate communication
	(d)	Regular announcements
	(e)	Company website
Employees	(i)	Interviews and performance appraisals
	(ii)	Status update and problem-solving meetings
	(iii)	Staff activities
	(iv)	Publications for staff communication
	(v)	Staff communication meetings
	(vi)	Townhall meetings
Suppliers/business partners	2	Suppliers management procedure
	3	Suppliers/contractors evaluation system
Government and regulatory bodies	2	Policy documents and guidelines
	3	Information submission
	4	Information disclosure (e.g. release of clinical trial documents)
	5	Seminars
Community/non-governmental organization	6	Charitable activities
	7	Company website
	8	WeChat public account
Media	9	Press release conferences
	10	Press releases
	11	Interviews with senior management

2.4 Materiality Assessment

The Group conducted a materiality assessment in 2020 to identify issues potentially material to Antengene and our stakeholders. A wide range of sources including the "Guide of the Stock Exchange", the materiality map of the Sustainability Accounting Standards Board ("**SASB**"), and industry peers' reports were reviewed to assess ESG issues for our business and stakeholders.

The ESG working group and management confirmed that the results of 2020 are still applicable for the Year, as (1) despite of Covid-19, there has been no material change to our business and operating environment for the Year, (2) the outcomes of the materiality assessment in 2020 are still applicable to our stakeholders' expectations. Based on the reporting principle of materiality, the Report will disclose the performance based on the areas identified below. Readers can refer to the 2020 ESG Report for the methodology and process for conducting materiality assessment.



The Importance of Issue	Topics	Material Issues
Issues of high importance	1.	Compliant operations
	2.	Business ethics
	3.	Quality control and safety of products
	4.	Technology development and product innovation
	5.	Intellectual property protection
	6.	Privacy and data protection
	7.	Safety of and communication with clinical trial participants
	8.	Employees' health and safety
	9.	Emissions control (including exhaust emissions, greenhouse gases emissions and wastewater discharge)
	10.	Waste disposal and management
Issues of moderate importance	11.	International strategic cooperation
	12.	Improving corporate governance
	13.	Responsible procurement and supply chain management
	14.	Training and development of employees
	15.	Employee welfare
	16.	Employee rights/Labour standards
	17.	Employee diversity and equal opportunities
	18.	Water consumption and efficiency
	19.	Energy consumption and efficiency
Issues of general importance	20.	Mitigation and adaptation of climate change
	21.	Community charity

3 COMMITMENT TO QUALITY AND INNOVATION

3.1 Product Quality Management

As a biopharmaceutical company that values product quality and to ensure the quality of products and services provided to customers and also product-related activities, a quality management system applicable to all production facilities under Antengene is established to ensure that the quality system and product quality meet relevant law, regulations and requirements including the Drug Administration Law of the People's Republic China ("**PRC**"), and the Measures for the Supervision and Administration of Drug Production and Good Manufacture Practice of Pharmaceutical Products ("**GMP**"). In order to control the quality of products, eight sub-systems are established under the Quality Management System to ensure the overall quality from the perspectives of R&D, production, sales, equipment management, marketing, etc. Details are as shown below. With the help of the appropriate human resources, facilities, management systems, and operating procedures, these eight sub-systems work well simultaneously to maintain optimal quality management.

Product Development System

This system is composed of the drug development stage and the technology transfer stage. In the drug development stage, a management procedure was established to regulate processes in research projects, including the selection and initiation of research topics, R&D implementation and delivery of research results, and documentation management, etc. The technology transfer stage refers to the execution of pilot-scale and commercial-scale production by either applying our technology developed during drug development and expanding R&D projects in our factory, or the transfer of the products of other companies to Antengene production.

To ensure complete and accurate transfer of documents and research data for the quality management of the trial commercial scale-up production, transfer plans and protocol which state the content of the transfer, the responsibilities of both parties, and the acceptance criteria of transfer are adopted. In addition, requirements of Good Manufacturing Practices for Drugs Used for Clinical Test should be met to ensure the safety and regulatory compliance of clinical drugs.

Quality Assurance System

Quality Assurance System is the most important one out of the eight subsystems in that it plays a role in supervising and managing other systems and ensures the entire system is in compliance and under control. This subsystem consists of various management systems including document management, personnel training and post-qualification management, quality risk management, deviation management, corrective and preventive actions ("**CAPA**") management, change management, internal self-inspection management, and internal audit to ensure the product quality during operation.

Personnel Training and Qualification

Antengene recruits qualified pharmaceutical technicians, engineers, relevant skilled workers, and talented staff to ensure effective quality management and quality assurance on drugs. Antengene supports its employees by providing management procedures for functional departments specifying responsibilities, posts, personnel training and qualification requirements are provided. We also organize quality-management-related training including GMP training, and training on new knowledge and technology to raise employee awareness on quality control, thereby enhancing work skills and improving the production process and product quality.

Internal Self-inspection Management

The Quality Assurance Department sets up the annual GMP self-inspection plans and self-inspection working groups for the inspections of institutions and personnel, premises and facilities, equipment, materials, and products. Self-inspection working groups perform self-inspections on relevant regions and projects, report the findings on defects, and compile self-inspection reports. Responsible departments are required to set up CAPA for correction and prevention based on these reports.

Facilities and Equipment Quality Management System

This system ensures suitable conditions for production, in terms of environment and equipment. The main activities for managing the quality of the facilities and equipment in this system include facilities and equipment management, calibration of instruments and meters, management of computerized systems, management of facilities and equipment qualification and computerized system validation, and preventive maintenance of facilities and equipment. Under this subsystem, life cycle management of the production facilities and equipment is carried out through three stages namely the project stage, the operation stage, and the decommissioning stage. The objective of these processes is to ensure good quality equipment throughout its life cycle, from procurement planning, acceptance and operation, to decommissioning of the facilities and equipment.

Logistics Quality Management System

This system controls the logistics of raw materials and products to ensure that the processes involved are of good quality. Categories under control include inventory, flow, and record management of raw materials and products, such as a) the management of material suppliers and subcontractors; b) acceptance, storage, and delivery management of materials and products; c) the management of returned goods and unqualified products. For instance, incoming materials are subject to a sampling inspection and only those materials that meet the quality standard will be accepted.

Quality Management System for Production, Packaging, and Labelling

This system ensures the compliance of the production and packaging process with GMP, documents control and internal operation procedures, which then ensures that management during production and labeling can meet quality standards. The main management activities within the system include label management, product manufacturing controls, process validation and packaging validation, cleaning and clearance management and product release.

Laboratory Control Quality System

This system requires the adoption of appropriate analytical methods and testing procedures to monitor the release and stability of products. For example, equipment and instruments in the laboratory have met the product and material analysis test requirement and our employees are trained to complete quality control related activities reliably. In addition, an inspection of our products and materials, with respect to approved quality standards and analysis, is conducted in the quality control laboratory.

Quality Management System for Marketed Products

As Antengene places great emphasis on the rights of patients and physicians, this system helps to ensure suitable methods are used to monitor the safety of marketed products after launch. This system includes customer complaint, consultation management, marketed product pharmacovigilance, adverse reaction reporting, and product recall management. In addition to providing various complaint channels such as a telephone hotline, email, and fax, we have also established a standard procedure to handle product complaints. For instance, once we receive a potential safety hazard report for a product, a thorough investigation and evaluation process will be carried out promptly and we will respond to the complaint as soon as possible. In cases where product recalls are necessary, we will implement the product recall procedures and formulate corrective action and preventive actions to safeguard the health and safety of the involved consumers.

During the reporting period, the Company did not have any customer recalls.

3.2 Technology Development and Product Innovation

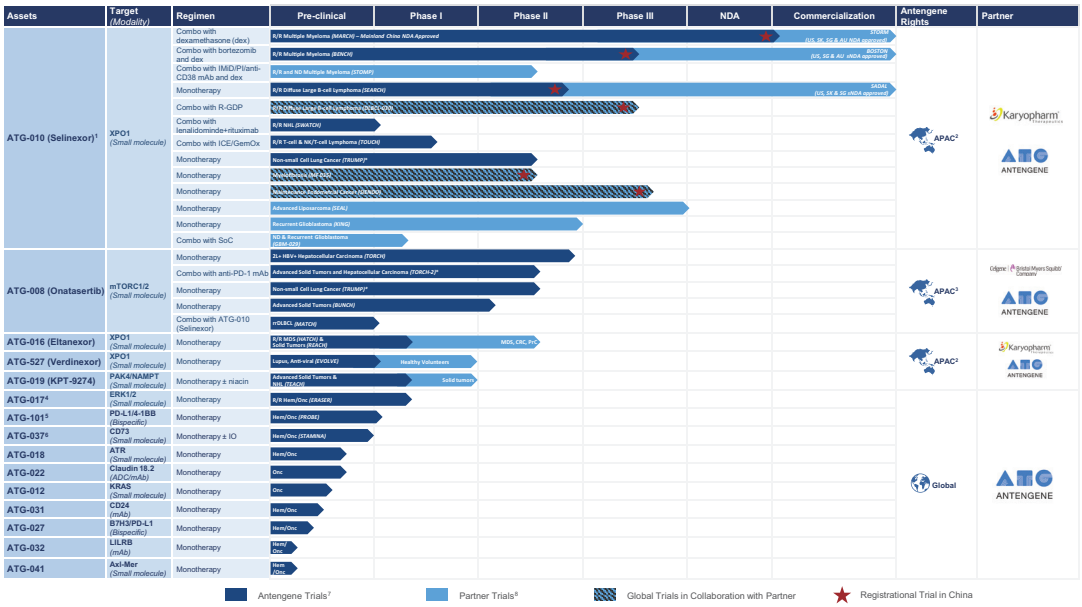
Antengene, which started operations in 2017, is a commercial-stage Asia-Pacific ("**APAC**") biopharmaceutical company focused on innovative oncology medicines. We distinguish ourselves through our strong R&D capabilities and strategic approach to developing novel oncology therapies.

We have strategically designed and built a highly selective pipeline of 15 drug assets focused on oncology, including five with APAC rights and ten with global rights. The two late-stage clinical assets which we in-licensed from Karyopharm Therapeutics Inc. ("**Karyopharm**") and Celgene Corporation ("**Celgene**") are serving as our core products. We employ a combinatory and complementary R&D strategy to maximize the synergistic potential of our pipeline assets. We have submitted NDAs for selinexor to health authorities in six APAC markets including mainland China, South Korea, Australia, Singapore, Hong Kong, and Taiwan, and have obtained NDA approvals in mainland China, South Korea, Singapore, and Australia. We also obtained IND approvals or initiated five additional registrational clinical trials of our lead asset, selinexor, in rrMM, rrDLBCL, endometrial cancer, and myelofibrosis in mainland China.

Both of our Core Products have a promising post-proof-of-concept clinical and commercial profile. XPOVIO (ATG-010 selinexor) is a first-in-class and only-in-class orally available XPO1 inhibitor and ATG-008 (onatasertib) has the potential to be a first-in-class mTORC1/2 inhibitor. Among our clinical-stage assets, we also have two other drug candidates in the validated selective inhibitor of nuclear export ("**SINE**") class, ATG-016 (eltanexor) and ATG-527 (verdinexor), which feature differentiated profiles that could allow us to target a wide range of indications through both mono-and combination therapies. ATG-019 is an orally available, potential first-in-class dual PAK4/NAMPT inhibitor for the treatment of non-Hodgkin lymphoma (NHL) and advanced solid tumors. ATG-017 is a potent and selective ERK1/2 inhibitor with best-in-class potential for the treatment of various hematological malignancies and solid tumors driven by the aberrant RAS/MAPK pathway. ATG-101 is a novel, PD-L1/4-1BB bi-specific antibody being developed for the treatment of hematological malignancies and solid tumors. ATG-037 is a highly potent, selective, orally-bioavailable small molecule inhibitor of CD73 that has the potential to reactivate antitumor immunity by inhibiting the highly immunosuppressive adenosine pathway.

Product Pipeline^

We have a pipeline of 15 drug candidates that focus on oncology and range from pre-clinical stage to late-stage clinical programs. The following table summarizes our pipeline and the development status of each candidate in the regions noted in the chart below in the "Antengene Rights" column:



[1] (s)NDA approved by US FDA, Greater China (mainland China, Hong Kong, Taiwan), Australia, Singapore NDA submissions are completed; [2] Antengene has rights for Greater China (mainland China, Hong Kong, Taiwan, Macau), Australia, New Zealand, South Korea, and the ASEAN Countries; [3] Antengene has rights for Greater China, South Korea, Singapore, Malaysia, Indonesia, Vietnam, Laos, Cambodia, the Philippines, Thailand and Mongolia; [4] Licensed from AstraZeneca and Antengene has obtained exclusive global rights to develop, commercialize and manufacture ATG-017; [5] Licensed from Origimcell and Antengene has obtained exclusive global rights to develop, commercialize and manufacture ATG-101; [6] Licensed from Calithera Biosciences and Antengene has obtained exclusive global rights to develop, commercialize and manufacture ATG-037; [7] Most advanced trial status in Antengene territories and the trials are responsible by Antengene; [8] Most advanced trial status in partner territories in the rest of the world and the trials are conducted by our licensing partners;

* Investigator-initiated trials; R/R = relapsed/refractory; ND = newly diagnosed; MDS = myelodysplastic syndrome; CRC = colorectal cancer; PrC = prostate cancer; CAEBV = chronic active Epstein-Barr virus; NHL = non-Hodgkin lymphoma; Hem/Onc = hematological malignancies and solid tumors; SK= South Korea; R-GDP: rituximab, gemcitabine, dexamethasone & cisplatin; ICE = ifosfamide, carboplatin, and etoposide; GemOx = gemcitabine, oxaliplatin; in GBM-029 trial, the combination regimen is with standard of care (SoC) therapy for newly diagnosed glioblastoma or recurrent glioblastoma, including radiation therapy, temozolomide, lomustine, bevacizumab, tumor treating fields, or carmustine

3.3 International Strategic Cooperation

In May 2021, we entered into an exclusive, worldwide license agreement with Calithera Biosciences, Inc. for the development and commercialization of CB-708 (ATG-037), a small molecule inhibitor of CD73. Preclinical data presented at the 2019 American Association for Cancer Research (AACR) Annual Meeting and the 2019 Society for Immunotherapy of Cancer (SITC) Annual Meeting demonstrated that CB-708 has immune-mediated, single-agent activity in syngeneic mouse tumor models. In preclinical studies, CB-708 was well-tolerated and showed enhanced anti-tumor activity when combined with either an anti-PD-L1 immunotherapy or with chemotherapeutic agents, such as oxaliplatin or doxorubicin. CB-708 has completed GLP toxicology studies and is poised to advance into clinical development.

In October 2021, we entered into a Research Collaboration and License Option Agreement with LegoChem Biosciences, Inc. ("**LCB**", KOSDAQ: 141080) for new antibody-drug conjugates (ADCs). Under this agreement, the two parties will jointly generate and evaluate ADC candidates using Antengene's antibodies and LCB's next-generation ADC technology platform. Antengene will have an exclusive option to license global rights for the development and commercialization of the resulting ADC candidates. When the option is exercised, LCB will be eligible to receive upfront and milestone payments, as well as tiered royalties. In addition, LCB is eligible to receive a prespecified percentage of any sub-licensing income received by Antengene.

In December 2021, we entered into a collaboration with XtalPi Inc, a quantum physics-based, AI-powered, drug R&D company with the mission to revolutionize drug discovery and development by improving the speed, scale, novelty, and success rate. Under the terms of the agreement, XtalPi will utilize its integrated artificial intelligence (AI) research and development (R&D) platform comprised of proprietary cloud-supercomputer-powered in silico tools and its highly efficient wet lab to support Antengene's drug discovery and development programs.

In December 2021, we entered into a clinical trial collaboration to evaluate the safety, pharmacokinetics, and preliminary efficacy of ATG-017 in combination with Bristol Myers Squibb's PD-1 checkpoint inhibitor, Opdivo® (nivolumab). The open-label Phase 1/2 trial will evaluate the investigational combination as a potential treatment option for patients with advanced solid tumors.

4 RESPONSIBLE OPERATION

4.1 Business Ethics and Compliant Operation

Antengene believes that compliance with laws and regulations and upholding the values of business ethics, honesty, integrity, and compliance are the basic requirements for the stability of business operations. We strictly comply with relevant laws and regulations in places of our operation, including the Criminal Law of the PRC, the Company Law of the PRC, the Anti-Unfair Competition Law of the PRC, the Prevention of Bribery Ordinance of Hong Kong, and the Foreign Corrupt Practices of the United States.

Anti-fraud, Anti-money Laundering, and Anti-bribery

The purpose of formulating an Anti-fraud, Anti-money laundering, and Anti-bribery Management System ("**Anti-Fraud**") is to regulate the behavior of all employees of the company, especially directors, supervisors, managers, and employees in key positions. We aim at establishing a working environment with integrity, diligence, dedication, and compliance with relevant laws, regulations, and business ethics, to prevent any violations which can harm the interests of the company, shareholders, and employees.

Establish Anti-fraud Work Structure

- The Audit Committee of the Board: guide and supervise the work of Anti-Fraud
- Company Management: be vigilant to avoid/reduce the risk of fraudulent acts, build and ensure an effective internal control system of Anti-Fraud, and take appropriate and effective remedial measures in case of any fraudulent behavior
- The Audit Department: implement continuous monitoring over the execution of internal audit

Reporting Channels

- Formulate the Misconduct Reporting Mechanism and Handling Methods to regulate reporting procedures and handling of any misconduct
- Establish various reporting channels including email, telephone, letter, or interview
- Adopt strict confidentiality measures for the potential whistle-blower's identity and report to effectively protect the legal rights of the whistle-blower. Set up a compliance committee to review the case reports and decide the next steps
- Clearly define the investigational procedure and document any feedback of the investigation and its results

Strengthen Prevention and Control of Anti-fraud

- Strengthen the training of employees on compliance with laws, regulations, anti-fraud, and business ethics as well as the identification of legal and illegal behaviors, and honesty and non-integrity ethics
- Establish internal control policies in critical business areas, provide compliance guidelines and monitoring procedures for corporate activities
- Conduct internal audit work regularly
- Adopt various means to promote the anti-fraud system and reporting channels
- Disclose the investigation procedures and handling methods of major fraud incidents if any, to ensure employees are aware of the consequences

Anti-corruption and Compliance Training

During the Reporting Period, an online Anti-corruption Training for the Board and employees was organized to cultivate a culture of integrity and enhance compliance awareness and self-discipline. Topics of the anti-corruption laws and relevant common risks, the compliance policy of the Company, and basic rules with respect to corporate ethics and a compliance framework were presented in the training.

In addition to the above policies and measures, an Antengene Anti-Bribery and Corruption Prevention Policy was set up and will be effective from Feb 2022. This policy aims at providing guidelines on conduct to secure compliance with all applicable Anti-Corruption Laws, reinforce the internal controls and guarantee the validity, applicability, and compliance of the business operations of Antengene. Antengene has indicated that it has zero-tolerance for bribery and corruption.

During the Year, the Group was not involved in any litigations of corruption or bribery.

Responsible Promotion and Labelling

Antengene strives to fulfill its corporate social responsibility and puts great emphasis on compliance with promotion-and-labeling related laws and regulations including the Advertising Law of the PRC, the Anti-Unfair Competition Law of the PRC, and the Interim Measures for the Administration of Censorship of Advertisements on Drugs, Medical Devices, Dietary Supplements and Formula Foods for Special Medical Purposes.

Antengene has zero-tolerance on off-label promotion such that only information stated in the approved drug labeling and insert will be used to prepare drug promotional materials. In addition, the Packaging Component Artwork Design and Approval Management Procedure for Local Manufacture and Repackaging Product and the Packaging Component Artwork Design and Approval Management Procedure for Imported Product are formulated to ensure that the contents on the packaging materials are in accordance with relevant laws and regulations. Any new or amended packaging component artwork design is required to be approved and reviewed carefully before printing on the packaging component.

4.2 Intellectual Property Protection

Intellectual property ("**IP**") protection is the foundation of the success of our business. The facilitation of technology innovation that is a key part of our success is attributed to our possession and maintenance of patents and other intellectual property and proprietary protection for commercially important technologies, inventions and know-how related to our business, as well as the defence and enforcement of our patents, and the preservation of confidentiality and our trade secrets. Antengene also values and respects the efforts of every R&D employee such that the Group formulates and revises relevant policies and company regulations in strict compliance with the Trademark Law of the PRC, the Patent Law of the PRC, and other IP related laws and regulations from time to time to prevent intellectual property infringement.

Similar to last year, the Intangible Asset Management System and the Intellectual Property Management System are used to defend our IP rights and respect the IP rights of third parties. The IP Department, which is responsible for the management work of IP, has established a series of measures to protect our IP rights, as well as the lawful status of IP Company IP through legal means and formulation of the application and registration process of a patent. These processes state that a written contract is executed, the contract must contain provisions on the ownership and protection of intellectual property rights when entrusted or cooperative R&D is conducted with other companies. A confidentiality agreement has to be signed for those who can access the Group's patented and non-patented technology. Should there be allegations/issues regarding intellectual property right infringement, an investigation will be carried out, and a team will be formed to accelerate countermeasures for IP rights protection.

Antengene also revised the "Measures for the Management of Drug Inspection" and formulated "Measures for Disputes Arising from Infringement of IP Rights of the Third Parties", as well as "Formulation of Measures to the Reduction of IP Rights Infringement Risk and the Difficulty of Enforcing IP Rights".

Antengene has also developed and implemented the "Patent Application and Inventor Reward System" to protect trade secrets and encourage our employees to innovate and actively transfer research achievements to patents. We will offer rewards and remunerations for service inventions to the inventor stated in the patent application after the patent is granted and the ownership of the service invention will be defined clearly to protect our IP rights.

During the year, the Group was not involved in any lawsuits regarding intellectual property.

4.3 Respecting Ethics for Clinical Trials

Antengene puts great emphasis on the ethics for clinical trials and intends to strictly abide by related laws, regulations, management norms, and medical ethics principles including ICH[1] guidelines (e.g., ICH-E6 GCP R2), FDA[2] regulations, Drug Administration Law of the PRC, and the Declaration of Helsinki. In order to safeguard the rights and safety of clinical trial participants, various measures have been implemented. For instance, the Clinical Trial Agreement which covers the terms such as the study plan, duration, record keeping, inspection, confidentiality, and protection of intellectual property rights, has been revised, and will be signed with the study sites and principal investigators for clinical trials prior to initiating/conducting the trials. Contract terms, including risk of breach and cure/remediation processes, for agreements with external service providers including but not limited to Contract research organizations, clinical research organizations and contract manufacturing organizations are also updated and revised. For example, every clinical participant is required to sign an Informed Consent Form before enrollment in a clinical study. Clinical trial monitoring should also be conducted according to the protocols, operation agreements and documents related to the clinical trials. All serious adverse events (SAE) that occur during the clinical trials should be recorded accurately and immediately in the SAE report form. Clinical Trial Liability insurance should be purchased by the sponsor of the clinical trial. And in case there are any negative events caused by the clinical trials, the cost of the treatment and reasonable stipend should be provided by the sponsor in accordance with relevant laws and regulations.

4.4 Privacy and Data Protection

Information security and privacy protection are always important to operational compliance and a core competency of a modern enterprise. Antengene prioritizes privacy protection, data and personal information protection for clinical trial participants, customers, suppliers, and other parties. We handle personal data with regard to the laws, regulations and, ethics of the region where our business operates including but not limited to the Good Clinical Practice of Pharmaceutical Products and Cybersecurity Law of the PRC.

To safeguard the security of confidential commercial information, including the information of clinical trial participants and customers, personal privacy information, and financial data, our employees are required to comply with the company's confidentiality policies. Antengene has zero tolerance for non-compliance with our confidentiality policies. Antengene employees in specific positions are required to sign a confidentiality agreement with the Group. In addition, the confidentiality responsibility is clearly stated in the Clinical Trial Agreement agreed by all parties to protect the privacy of the clinical trial participants concerning related laws and regulations. We have also formulated an Information Security Management System to regulate the management of information systems and enhance information security. During the reporting period, and Employees' IT Information Security Policy was established. All Antengene staff are required to review, sign and comply with the Antengene Information Technology (IT) Security Policy.

1 International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use
2 Food and Drug Administration

Cyber Security Management

- Control the software management of computers, such as software usage, virus prevention, and the installation of fire walls
- Manage the safety of the information system and cloud server system, such as account permission of computer and cloud system access, emergency responses towards the information system breach, data backup and recovery, disaster recovery plan, and supervision and inspection of the information security

Physical Security Management

- Regularly check the hardware equipment and facilities of the computer room
- Keep good records of entry and exit registration, equipment registration, equipment inspection, and major failures
- Monitor closely the operational status of the equipment in the computer room
- Regulate the access permission of the computer room

4.5 Supply Chain Management

Antengene emphasizes the management of the supply chain as the Group believes supply chain management is crucial for the sustainable development of the Group. We have formulated various measures, including the implementation of the Procurement and Payment Management System and the Supplier Management Process to standardize the assessment, monitoring, and management of suppliers. Doing so ensures the quality of our products and services, and facilitates the construction of a sustainable and responsible supply chain.

Supplier Selection

- New suppliers must be strictly reviewed before being listed in our supplier list, e.g., qualification check, compliance check, and on-site visit
- Selection criteria: Evaluate potential suppliers' price, service, quality, technology, business ethics, environmental, health and safety
- Establish good records of supplier qualificaiton and selection

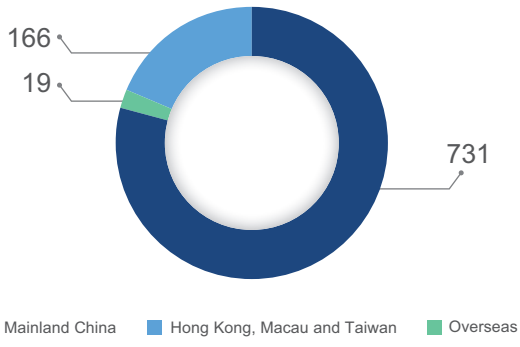
Supplier Monitoring

- Require suppliers to sign a letter of commitment to ensure that they comply with the requirements of social corporate responsibility and environmental protection, and promise to meet the standards of conduct such as anti-corruption, protection of employees health and safety, as well as their social benefits and anti-discrimination, etc.
- Classify suppliers into different levels according to their functional strategy, procurement volume, service significance, and impact on our business.
- A supply chain management system has been adopted, including supplier qualification evaluation, supplier performance management, supplier contract management, supplier risk management, and supplier due diligence
- Regular reviews of the performance of suppliers, especially strategic and preferred suppliers, are conducted to ensure that the products and services provided by our suppliers are of good quality and able to meet our expectations

In order to create a better environment for the next generation, we strive to purchase products and services which are in accordance with relevant environmental laws and regulations. Environmentally-friendly products are preferred in terms of materials purchasing, e.g., more environmentally friendly papers.

Moreover, according to our Antengene Anti-Bribery and Corruption Prevention Policy, suppliers will be disqualified and we will terminate all corresponding business dealings with them if they are discovered to be conducting unethical business practices and violating the Group policy, such as commercial bribery or activities falsification, after investigation and evaluation. Any gifts, entertainment and hospitality expenses, and other kinds of expenses of similar nature should be paid directly by Antengene to the relevant suppliers whenever possible to prevent bribery and corruption from happening via third parties.

During the Year, we have 916 suppliers providing various products and services, such as laboratory and clinical trial-related products and services, public relations services, and IT services.



Suppliers by geographic region

5 TALENT CARE AND MANAGEMENT

Antengene upholds safety as a top priority in our business operation, and we particularly respect human rights and fair working practices for our employees. As talent is the key driver for our business growth and the success/progress/productivity of our research and development organization, we follow the principle of "Motivation, Ability, and Potential (MAP)" to explore and nurture our employees' potential talents. Overall, we aim to develop a people-oriented working environment, where our employees can achieve their ambitions, and together with Antengene, have rewarding career paths.

5.1 Protecting Health and Safety of Employees

Antengene regards the health and safety of employees as a top priority. We strictly comply with the relevant laws and regulations including the Production Safety Law of the PRC, the Fire Control Law of the PRC, and the Law of the PRC on the Prevention and Treatment of Occupational Diseases.

We have established sound and comprehensive occupational health and safety systems and policies for cross-department operations management. The Staff Health and Safety manual covers detailed responsibilities of relevant departments on safety issues and the procedures for the precautionary, monitoring, evaluation, and reporting stages. Meanwhile, we have also set up the Health, Safety and Environmental Department (HSE) which is responsible for the establishment, implementation, and maintenance of the procedures for employee health and safety.

In our business operation, precaution is the core element to prevent accidents from happening. To prevent the occurrence of any potential safety hazard, all projects must be under the "Three simultanieties" procedures such that occupational health protection processes are designed, constructed and used in conjunction with the main projects. Production will only commence after completion of the Occupational Hazard Control Effectiveness Evaluation and approval by the Hygiene Administration Department. Moreover, warning signage will be displayed in prominent locations where potential hazards are identified. Workers will also be provided personal protective equipment that meets the national occupational health standards; they are also supervised to properly use the equipment during work. On-site assessment and evaluation of occupational hazards are conducted by qualified third-party inspection institutions commissioned by the HSE annually to identify potential risks and rectify hidden dangers to create a healthy and safe workplace. In addition, the Environmental Protection and Health manual was launched to prevent, control, and reduce the risk of harmful effect on human health, as well as prevent occupational diseases. We strive to act in the hope to ensure our employees can stay alert to potential health and safety risks that potentially occur in daily operations. The vocational health and safety training we provide our employees include:

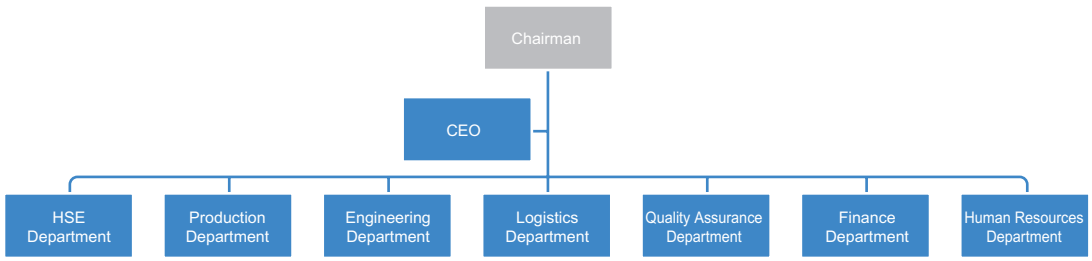
- Education on self-protection to enhance and familiarize employee knowledge and/or skills on chemical safety such as toxicity of chemicals, special equipment training, and first-aid training on poisons;

- Regular on-the-job training on procedures related to occupational health and hazard protection measures periodically.

Moreover, annual occupational health-related inspections are carried out to identify potential hazardous diseases in our employees, any detected endangerment with be rectified.

In response to any accidents, our Production Safety Accident and Emergency Plan Management regulates how we control and respond to accidents to minimize loss and damage. We have established an emergency system that assumes and stipulates the react-and-respond responsibilities of the entities involved, including the person in charge and respective departments. In the plan, the source of potential hazards and injuries are classified to risk groups including: chemical spills, poisoning, fire, electric shock, and extreme weather (including typhoons and storms, etc). Two alert levels have been designated, with respective response procedures and reporting mechanisms outlined to ensure that accidents are handled properly. Moreover, we also provide emergency training to our employees and conduct emergency plan drills at least once a year.

We believe that everyone in Antengene shares a collective responsibility to maintain a healthy and safe workplace. Therefore, we manage our operations in line with the principle of "Safety and prevention first, manage in a comprehensive manner". We have also set a Safety Procedure which stipulates the responsibility of various persons or departments in charge of the safe working environment in a top-down approach.



Position/departments	Responsibilities
Chairman	(a) Ensure compliance (b) Receive safety-related training (c) Report safety-related accidents
CEO	• Receive safety-related training • Plan, manage and monitor the safety measures
Departments	• Execute safety measures • Regularly Monitor and evaluate the performance • Update the safety manual and practices, as necessary

With a comprehensive regulatory framework in place that ensures the health and safety of employees in the workplace at all times, the Group had no violations of laws or regulations pertaining to health and safety matters in the workplace or related to our services during the Reporting Period.

5.2 Safeguarding Rights and Interests of Employees

Employees are the core of our business operation and are our valuable assets. We are committed to creating a compliant, fair and friendly workplace for employees. The Company strictly follows relevant laws and regulations, including the Labour Law of the PRC and the Labour Contract Law of the PRC, to protect the rights and interests of employees. In order to effectively communicate the employee rights to our staff, the Staff Handbook clearly states and specifies the labour relations, working hours, attendance, and vacation issues, remuneration and benefits, and training and promotion mechanisms. The Handbook also explains the Group's standards and expectations, which includes the performance appraisal arrangement, code of conduct, attendance, and disciplinary mechanism. Employees are expected to fulfill their obligations to Antengene in accordance with the guidelines set out.

In strict accordance with relevant laws and regulations such as the Provisions on the Prohibition of Using Child Labour and Law of the PRC on the Protection of Minors, we forbid the employment of child labor and incidents of forced labor. To prevent and eliminate any employment of child labor, we have recruitment guidelines in place such that the Human Resources Department will require every employee to provide documents including their ID card, educational background and work experience to ensure that they have reached the legal working age. For newly recruited employees, they will also be required to sign a legally-binding Labour Contract in accordance with the law within one month of on-boarding. We also seek to protect clients' and our proprietary technology and processes, in part, by signing confidentiality agreements with employees.

During the reporting period, no child labor or forced labor was found. If any violation is found, an employee can immediately terminate his/her labor contract to protect their legal labour rights.

Recruitment and Resignation

We promise equal employment opportunities in recruitment, career development, promotion, training and reward, as well as protection of our employees from any form of discrimination such as gender, age, nationality, race and religion, or unfair treatment caused by any non-work-related factors, as stipulated in the Staff Handbook and the Recruitment Management Procedure. We select talents according to the principles of fairness and impartiality during recruitment and appoint them based on corresponding knowledge, skills, and work experience, defined in the job description. The recruitment channels include websites, social media, forums, headhunters, and internal recommendations, etc. The Human Resources Department will select appropriate channels for recruitment according to a specific position and market conditions. Employees are encouraged to recommend suitable candidates and will be awarded a bonus with a successful recommendation. In principle, the Company does not employ the spouse, children, or immediate family members of its employees to work in the same department and employment candidates will be required to indicate specific family relations with any of the Group's current employees. Suitable candidates will be invited to attend interviews following the three-level interview system, in which the direct supervisor and head of the hiring department, and the Human Resources Department and CEO are required to sit on group interview when the candidate is applying for a senior management position.

Employees can resign at will. Employees can terminate the employment relationship with the Group by themselves given that they agree with and confirm the last working date with their supervisor. The Human Resources Department will also arrange an exit interview with the resigned employee to understand the reasons for their resignation. We will review employee turnover with corporate management, and rectify management problems, if any, to retain talents. The Company also has a mechanism to protect employees from unreasonable dismissal. In addition, as long as the agreement is obtained from both sides and the dismissal complies with relevant labor laws and regulations, employees can dismiss the Labour Contract with Antengene at will.

5.3 Remuneration and Benefits of Employees

Antengene has always promised a fair and open career development pathway and attractive remuneration packages commensurate with employees' contributions to the Group. Our Company conducts performance appraisal with employees twice a year in January and July to evaluate and review their working performance. The results of employee performance evaluations, together with the national and local economic conditions and the business performance of the Group, are important factors affecting the adjustment of salary. A performance bonus policy is also introduced to provide employees with incentives to thrive and excel in their careers.

Antengene is committed to providing employees with competitive compensation and benefits to appreciate and recognize employees outstanding performance and contributions. When hiring, we first consider internal promotion, followed by external recruitment. We provide benefits related to health and wellness and employees can enjoy legal rights and interests, including annual leave, sick leave, marriage leave, maternity leave, funeral leave, and statutory holidays. In accordance with relevant PRC regulations on social insurance, such as the Social Insurance Law of the PRC, we contribute to the social insurance funds including the housing provident funds for our employees. Antengene values the contribution of our employees and encourages long-term joint development with talents. There are rewards designed for promoting collaboration and praising employees good performance. For instance, we provide service awards by means of a cash prize or gifts at equivalent value to those who have joined Antengene for a constant period of at least 3 years. As a leading corporation in the pharmaceutical industry, we are committed to the health of our employees. We provide an annual physical examination and comprehensive medical examination to all of our employees to be aware of their health conditions. This year, we also increased the number of institutions that provide healthcare for our employees. In addition, we organize periodic lectures to share health knowledge with our employees.

Fighting the Pandemic Together

The health of employees and their families has always been Antengene's top priority. As the COVID-19 pandemic continues around the world, the group has issued a COVID-19 One-off Special Care Stipend as an encouragement to employees to better protect themselves and their families from the COVID-19 pandemic. The Company has also taken a series of actions against the pandemic, such as the provision of anti-epidemic gear, regular disinfection of office premises, and strict compliance with national and local epidemic control requirements.

5.4 Training and Development of Employees

The professional expertise of talents is a key to maintaining Antengene's competitiveness in the research and development of novel, potentially first-in-class or best-in-class medicines. We have built an experienced management team with a strong track record to lead the end-to-end execution of clinical development, drug registration and commercialization. Moreover, a wide range of on-the-job training and capacity-building activities were organized to help all employees to develop professional clinical knowledge, and strengthen their management skills. To ensure our employees are well-equipped to deliver their work, we help new employees quickly fit into the Company by offering orientation training and on-the-job training from their entry so they can familiarize themselves with Antengene and their work duties. In addition, each new employee will also be assigned a mentor to help them adapt to the new working environment and explore their personal development and career aspirations.

During the Year, we arranged the following programs and activities for our staff:

Research and Development Day

- The research and development day was the first events the company hosted on November 16 and 18 to discuss the Company's vision and R&D philosophy, strategy, capabilities and its commercial readiness to launch XPOVIO® (Selinexor/ATG-010) in its markets. During the meetings, members of Antengene's senior leadership team presented a comprehensive overview of the Company's robust discovery and early clinical development portfolio and deep clinical pipeline, as well as XPOVIO® (selinexor/ATG-010) lead commercial brand. There were more than 250 investors, analysts and Antengene's employees participated the event and the following reception dinner. It allows employees from different functions to build a more comprehensive understanding of the company, and further provides an unique opportunity for them to communicate with outside stakeholders.

Team Building Programmes in Sichuan Chengdu and Yinchuan Zhongwei

- Two team-building programmes were organized in September and November 2021 in Yinchuan Zhongwei and Sichuan Chengdu respectively. We aimed to build team spirit and strengthen communication between teams through team building activities, celebration banquets, micro-cinema production, etc. We hoped that these activities could foster employees' sense of belonging to Antengene, thus creating a more productive working atmosphere.

Christmas Celebration Activity

- The Christmas celebration activity was organized in Shanghai Soho Office on December 24, 2021, so all employees in Antengene could celebrate Christmas together. We arranged a series of activities, including a talent performance, board games, and a party that was aimed at strengthening the communication among employees, hence cultivating their sense of belonging to Antengene.

Research and Development Day in January 2021, Shanghai

Team Building Activity in September 2021, Yinchuan Zhongwei

Team Building Activity in November 2021, Sichuan Chengdu

Christmas Celebration Activity in December 2021, Shanghai

We encourage employees in all positions to pursue further education in order to keep up with market trends. The training figure of employees is as follows:

Indicators	Unit	2021
Percentage of employees trained (by gender)		
Female employees	%	53.21
Male employees	%	46.79
Percentage of employees trained (by employment type)		
Full-time junior employees and middle management	%	96.33
Full-time senior management	%	3.67

6 ENVIRONMENTAL PROTECTION

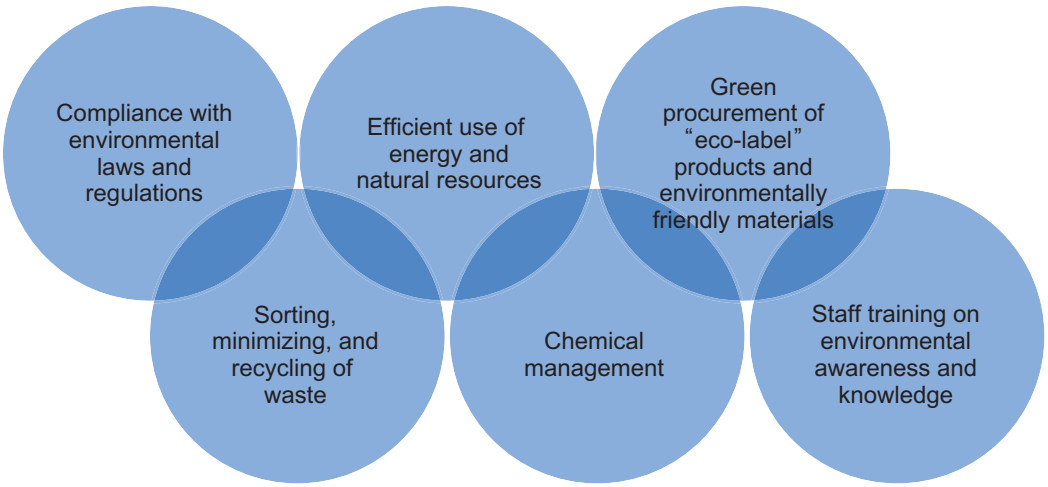
Antengene adheres to environmental protection and is in strict accordance with environmental-related laws and regulations in our locations of operation including the Environmental Protection Law of the PRC, the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste, the Law of the PRC on Prevention and Control of Water Pollution, the Law of the PRC on Prevention and Control of Air Pollution, and the Law of the PRC on Energy Conservation. During the Reporting Period, no violation of air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste were found.

To be in line with China's strategy for combating climate change (e.g., the National Climate Change Plan (2014-2020), the 13th Five-year Plan for National Economic and Social Development of the People's Republic of China (2016-2020), 2019 Annual Report on China's Policies and Actions to Address Climate Change and a series of policies and measures to actively control greenhouse gas emissions), Antengene follows the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and disclosed greenhouse gas emissions and energy consumption in the report with the aim of reducing carbon footprint during operations, encouraging green operations and promoting a low-carbon corporate culture.

For environmental target setting, the Group has not officially started production in the Year, and the current environmental data is far from reflecting the actual situation of the Group's full operation. Therefore, we will set appropriate environmental targets according to the business situation after the production is fully launched in the future.

6.1 Environmental Management

During the Reporting Period, our main operations consist of daily office work and insignificant laboratory operations. The environmental impacts contributed by the Group mainly include the usage of electricity and water, office waste generation, usage of paper, and air pollutant emissions from vehicles. To alleviate the environmental impacts arising from our factories in the future, an Environmental Protection System was formulated to foster environmental protection and minimize pollution and its adverse impacts caused by pharmaceutical manufacturing. The dimensions of the environmental policy are shown below:



6.2 Emissions and Waste Management

To reduce pollutant emissions and waste, relevant measures have been taken and the corresponding details are listed below:

Exhaust and Greenhouse Gas ("GHG") Emissions Management

During the Reporting Period, our direct air pollutants were mainly from our own vehicles. The following are measures that we have adopted to reduce emissions from vehicles:

- Conduct annual inspection of our vehicles to ensure that emissions meet the national and local standards
- Switch off the engines when the vehicles are not in use
- Promote the culture of taking public transportation and shared transportation among employees

The GHG emissions during the Reporting Period were mainly from direct emissions from our vehicles and indirect emissions from the generation of purchased electricity. In order to reduce GHG emissions, emission reduction measures on vehicle management, mentioned above, and measures on electricity savings have been adopted. In the future, more measures will continue to be adopted to save energy and reduce emissions. For more details on the electricity saving measures, please refer to section: 6.3 Conservation of Resources.

Waste Management

Regulation on the management of waste collection, management, transportation, and treatment has been formulated and adopted for all types of waste at Antengene, including hazardous waste, non-hazardous waste and recyclable waste.

Wastes are first collected by various qualified third parties for treatment and different types of waste such as stored waste, recycled waste, and hazardous waste, will be documented. Hazardous wastes including expired or unqualified drugs, waste oil, substances contaminated with active materials, waste reagent, solvent or paint, and waste batteries, undergo specific procedures. First, wastes are sorted and collected by different departments and transferred to a waste storage room for storage and further treatment. After that, to reduce waste generation, the following measures are adopted:

- Cultivate employee habits and culture on recycling papers, metals, and plastics
- Reduce the use of disposable and non-recyclable products.
- Use recyclable toner/cartridges

We will endeavor to have continuous improvement on waste reduction and strive to treasure natural resources.

Paper Management

- Adopt office automation system and electronic communication to reduce paper usage
- Promote a culture of reusing or double-sided use of paper
- Conduct regular monitoring of paper consumption and adopt reduction measures
- Place paper recycling bins for paper recycling
- Replace all disposable drinking glasses and wooden chopsticks with non-disposable items such as ceramic drinking glasses and reusable cutlery

6.3 Conservation of Resources

In order to conserve natural resources and minimize the environmental impact, we have adopted various measures for resource conservation, as follows:

Energy Saving

Air Conditioning System

(a) Switch off the air conditioning systems when they are not in use

(b) Regularly clean the filter screen and the fan coil unit

Lighting System

(b) Switch off the lights when not in use

(c) Adopt independent lighting control for lighting switches by dividing the office into a number of different lighting areas

(d) Keep lighting fixtures and lamps clean to maximize their energy efficiency

(e) Use energy-efficient lamps

Electronic Equipment

– Switch off electronic equipment completely during non-working hours and when not in use

– Encourage employees to use energy-efficient devices, such as all-in-one printers and photo copiers

Business Trips

(i) Choose direct flights for the business trip

(ii) Adopt videoconferencing to replace non-essential overseas business trips

Water Saving

(i) Check if the faucets are firmly turned off after use

(ii) Promote water conservation and post reminder signs in relevant places

(iii) Conduct maintenance for dripping faucets. Perform maintenance for dripping faucets

During the Reporting Period, we did not encounter any problems in obtaining applicable water sources.

6.4 Combat against Climate Change

In order to help reduce and alleviate climate change, we have identified climate-related risks. Policies and response actions have been formulated to identify and address significant climate-related matters that have and may have an impact on the company:

Climate Change Risks

Acute Physical Risk

(c) Develop extreme weather contingency plans
(d) Provide extreme weather training to staff
(e) Regularly check existing buildings for compliance with the latest local building standards and make necessary repairs

Chronic Physical Risk

(f) Optimize heating, ventilation, and air conditioning (HVAC) operating efficiency to reduce power consumption despite global warming
(g) Develop emergency response plans for extreme weather, for example, employees who work outdoors should find suitable places to rest under continuous of high-temperature weather
(h) Pay attention to changes in the disease spectrum, and plan related product research and development in advance

Regulatory Risk

(iii) Reduce energy consumption, thereby reducing purchased emission credits and CO_2 emissions
(iv) Reduce reliance on fossil energy by increasing energy efficiency and switching to use more renewable fuels

Reputational Risk

(v) Establish directional targets and frameworks for emission reduction in advance, and design specific operational plans to achieve the targets

We strive to do our best to support and participate in climate change mitigation and adaptation activities, and actively fulfill corporate social responsibilities.

7 COMMUNITY CONTRIBUTION

People's well-being has always been the mission of the Company. Antengene is committed to actively taking responsibility for practicing corporate social sustainable development and building a sustainable and healthy community. In addition to proactively providing support to innovations in the medical field to improve the lives of patients and address their clinical needs, we also cooperate with medical associations and sponsor charities to support the development and commercialization of medicines by scientific exchanges.

Since the outbreak of the COVID-19 epidemic, Antengene has initiated different activities to help people in need in the community. On December 20, 2021, Antengene donated medical supplies including 15,000 medical masks, 500 sets of protective clothes, 100 boxes of medical gloves, and 300 bottles of hand sanitizers in value of approximately RMB66,700 to Shaoxing city to support front-line medical workers. Our employees also participated in this event as volunteers to support the prevention and control of the epidemic and meanwhile maintaining the production and operation of the Company.

Donation of Medical Supplies to Medical Workers in December 2021, Shaoxing

We will continue to cooperate with institutes with advanced technologies in the field of pharmaceutical research and clinical development to boost the technology research and foster the clinical development of novel potentially first-in-class/best-in-class medicines for cancer. By being committed to our vision of treating patients beyond borders and contributing to the community, we aspire to proactively embrace our social responsibility and obligations.

APPENDIX I: KPI DATA TABLE

Environmental Area[3]	Unit	2021
Air emissions[4]		
Nitrogen oxides (NO_x)	kg	7.47
Sulphur oxides (SO_x)	kg	0.15
Particulate matter (PM)	kg	0.55
GHG emissions[5, 6]		
Direct GHG emissions (Scope 1)[6]	tonnes of CO_2e	27.08
Indirect GHG emissions (Scope 2)[7]	tonnes of CO_2e	967.30
Total GHG emissions (Scope 1 & 2)	tonnes of CO_2e	994.38
GHG emission intensity (per m^2)	tonnes of CO_2e/m^2	0.05
GHG emission intensity (per employee)	tonnes of CO_2e/employee	5.29
Energy consumption[9]		
Total electricity consumption	kWh	1,584,434.00
Electricity consumption intensity (per m^2)	kWh/m^2	80.64
Electricity consumption intensity (per employee)	kWh/employee	8,427.84
Gasoline consumption by vehicles	litre	10,000.00
Water consumption[10, 11]		
Total water consumption	tonnes	9,150.00
Water consumption intensity (per m^2)	tonnes/m^2	0.47
Water consumption intensity (per employee)	tonnes/employee	48.67
Hazardous waste generation		
Used computers	unit	0
Used batteries	unit	280
Used toner cartridges/ink boxes	unit	0
Non-hazardous waste generation[12]		
Non-hazardous waste generation	kg	50,160.00
Non-hazardous waste generation intensity	kg/employee	266.81
Paper consumption		
Paper consumption	kg	2,945.00
Paper consumption intensity (per employee)	kg/employee	15.66

3 The reporting boundary of environmental data covers the head offices in Shanghai and Shaoxing, Shanghai Antengene Corporation Limited, Antengene Corporation Co., Ltd., and Antengene Corporation (Hong Kong) Limited. As some of the operating locations did not operate at the beginning of the Reporting Period, the data of those operating locations do not cover the time range of the entire reporting period.

4 Air emissions arise from the vehicles of the Group.

5 The calculation is based on the "Greenhouse Gas Protocol" issued by the World Resources Institute and the World Business Council on Sustainable Development.

6 GHG emissions have increased reasonably as a result of the increase in employee number and business area, as well as the use of equipment in factory and laboratory during the Year.

7 Scope 1: Direct greenhouse gas emissions from sources owned and controlled by the Group.

8 Scope 2: Indirect greenhouse gas emissions from electricity generation, heating and cooling purchased by the Group.

9 Electricity consumption has increased reasonably as a result of the increase in employee number and business area, as well as the use of equipment in factory and laboratory during the Year.

10 For water consumption, the consumption in offices in Shanghai and factory in Shaoxing is calculated. The water consumption in our other locations is managed by property management company and does not have separate meter reading. Therefore, it cannot be separately calculated.

11 Water consumption has increased reasonably as a result of the inclusion of water consumption in offices in Shanghai, the increase in employee number and business area, as well as the use of equipment in factory and laboratory during the Year.

12 Non-hazardous waste generation has increased reasonably as a result of the increase in employee number, as well as trial production during the Year.

Social Area	Unit	2021
Employment		
Total number of employees	no. of people	329
Total number of employees (by gender)		
Female employees	no. of people	175
Male employees	no. of people	154
Total number of employees (by employment type)		
Full-time junior employees and middle management	no. of people	317
Full-time senior management	no. of people	12
Total number of employees (by age group)		
Under 30	no. of people	91
30 to 50	no. of people	219
Above 50	no. of people	19
Total number of employees (by geographical region)		
Employees from North China	no. of people	50
Employees from East China	no. of people	192
Employees from Central China	no. of people	29
Employees from South China	no. of people	21
Employees from other regions[13]	no. of people	37
Employee turnover rate[14]		
Employee turnover rate (by gender)		
Female employees	%	5.19
Male employees	%	5.46
Employee turnover rate (by age group)		
Under 30	%	3.28
30 to 50	%	7.10
Above 50	%	0.27
Employee turnover rate (by geographical region)		
Employees from North China	%	1.91
Employees from East China	%	5.19
Employees from Central China	%	1.37
Employees from South China	%	1.91
Employees from other regions[13]	%	0.27

13 including the United States, Australia, Singapore and Hong Kong SAR region.

14 Calculation method: number of employees turnover in this category ÷ (number of employees turnover in this category + number of employees in this category at the end of the year) × 100%.

Social Area	Unit	2021
Health and Safety		
Number of work-related fatalities in each of the past three years including the reporting year	no. of people	0
Rate of work-related fatalities in each of the past three years including the reporting year	%	0
Lost days due to work injury	days	0
Development and Training		
Percentage of employees trained[15] (by gender)		
Female employees	%	53.21
Male employees	%	46.79
Percentage of employees trained[15] (by employment type)		
Full-time junior employees and middle management	%	96.33
Full-time senior management	%	3.67
Average training hours completed per employee[16] (by gender)		
Female employees	hours	33.97
Male employees	hours	43.66
Average training hours completed per employee[16] (by employment type)		
Full-time junior employees and middle management	hours	39.77
Full-time senior management	hours	10.25

15 Calculation method: number of employees trained in this category ÷ number of employees trained x 100%.
16 Calculation method: total number of training hours for employees in this category ÷ total number of employees in this category.

APPENDIX II: CONTENT INDEX OF THE GUIDE

Indicator			Related Chapter
A. Environmental			
A1 Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6. Environmental Protection
	A1.1	The types of emissions and respective emissions data.	Appendix I: KPI Data Table
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Appendix I: KPI Data Table
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Appendix I: KPI Data Table
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Appendix I: KPI Data Table
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	6. Environmental Protection 6.2 Emissions and Waste Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6. Environmental Protection 6.2 Emissions and Waste Management

Indicator			Related Chapter
A2 Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6.3 Conservation of Resources
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	Appendix I: KPI Data Table
	A2.2	Water consumption in total and intensity.	Appendix I: KPI Data Table
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	6. Environmental Protection 6.3 Conservation of Resources
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	6. Environmental Protection 6.3 Conservation of Resources Our water consumption comes from municipal water supply, and there is no issue in sourcing water
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	During the Year, we did not have any packaging material
A3 The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	6. Environmental Protection
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6. Environmental Protection
A4 Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	6.4 Combat against Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	6.4 Combat against Climate Change
B. Social			
B1 Employment	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.2 Safeguarding Rights and Interests of Employees
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I: KPI Data Table
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: KPI Data Table

Indicator			Related Chapter
B2 Health and Safety	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.1 Protecting Health and Safety of Employees
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix I: KPI Data Table
	B2.2	Lost days due to work injury.	Appendix I: KPI Data Table
B3 Development and Training	General Disclosure	Policies on improving employees knowledge and skills for discharging duties at work. Description of training activities.	5.4 Training and Development of Employees
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: KPI Data Table
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: KPI Data Table
B4 Labour Standards	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.2 Safeguarding Rights and Interests of Employees
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.2 Safeguarding Rights and Interests of Employees
	B4.2	Description of steps taken to eliminate such practices when discovered.	5.2 Safeguarding Rights and Interests of Employees
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.5 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	4.5 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.5 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.5 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.5 Supply Chain Management

Indicator			Related Chapter
B6 Product Responsibility	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	3.1 Drug Quality Management 4.1 Business Ethics and Compliant Operation 4.3 Respecting Ethics for Clinical Trials
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	3.1 Drug Quality Management
	B6.2	Number of products and service-related complaints received and how they are dealt with.	3.1 Drug Quality Management
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.2 Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	3.1 Drug Quality Management
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.4 Privacy and Data Protection
B7 Anti-corruption	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4.1 Business Ethics and Compliant Operation
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	4.1 Business Ethics and Compliant Operation
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	4.1 Business Ethics and Compliant Operation
	B7.3	Description of anti-corruption training provided to directors and staff.	4.1 Business Ethics and Compliant Operation
B8 Community Investment	General Disclosure	Policies on community engagement to understand the needs of communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7. Community Contribution
	B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	7. Community Contribution
	B8.2	Resources contributed (e.g., money or time) to the focus area.	7. Community Contribution

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Antengene Corporation Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Antengene Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 117 to 192, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Cut-off of research and development costs	
The Group incurred significant research and development ("R&D") costs of RMB405,029,000 as disclosed in the consolidated statement of profit or loss for the year ended December 31, 2021. A large portion of the Group's R&D costs represent service fees paid to contract research organisations ("CROs"), contract development manufacture organisations ("CDMOs") and clinical site management operators ("SMOs") (collectively referred to as the "Outsourced Service Providers"). The R&D activities with these Outsourced Service Providers are documented in detailed agreements and are typically performed over an extended period. These expenses are charged to the consolidated statement of profit or loss based on the milestone of the R&D projects. We identified the cut-off of R&D costs as a key audit matter due to the significant amount and risk of not accruing R&D costs incurred in the appropriate reporting period.	We obtained an understanding of management's controls in relation to the process of R&D costs, and we evaluated the design of the controls and tested their implementation effectiveness. We, on a sampling basis, reviewed the key terms set out in the agreements with the Outsourced Service Providers and evaluated the completion status of R&D projects based on inquiry with project managers, inspection of supporting documents and by obtaining external confirmations from the Outsourced Service Providers. We evaluated the adequacy of the accrued R&D costs by comparing the subsequent milestone billings and payments with the accrued R&D costs to determine whether these costs were recorded in the appropriate reporting period.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Siu Fung Terence Ho.

Ernst & Young
Certified Public Accountants
Hong Kong
March 18, 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	5	**28,769**	–
Cost of sales		**(4,580)**	–
Gross profit		**24,189**	–
Other income and gains	5	**42,567**	26,834
Research and development costs		**(405,029)**	(347,655)
Selling and distribution expenses		**(67,941)**	(455)
Administrative expenses		**(169,463)**	(154,221)
Other expenses	5	**(79,154)**	(2,452,392)
Finance costs	7	**(698)**	(1,032)
LOSS BEFORE TAX	6	**(655,529)**	(2,928,921)
Income tax expense	10	**–**	–
LOSS FOR THE YEAR		**(655,529)**	(2,928,921)
Attributable to:			
Owners of the parent		**(655,529)**	(2,928,921)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
– For loss for the year		**RMB (1.05)**	RMB (11.66)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2021

	2021 RMB'000	2020 RMB'000
LOSS FOR THE YEAR	**(655,529)**	(2,928,921)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**16,039**	–
OTHER COMPREHENSIVE INCOME FOR THE YAER, NET OF TAX	**16,039**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(639,490)**	(2,928,921)
Attributable to:		
Owners of the parent	**(639,490)**	(2,928,921)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**71,195**	56,233
Right-of-use assets	14	**14,916**	9,868
Other intangible assets	15	**3,539**	277
Equity investments designated at fair value through other comprehensive income	16	**2,574**	–
Financial assets at fair value through profit or loss	17	**4,195**	–
Prepayments and other receivables	18	**48,621**	–
Total non-current assets		**145,040**	66,378
CURRENT ASSETS			
Inventories	19	**2,578**	–
Trade receivables	20	**7,006**	–
Prepayments and other receivables	18	**32,495**	18,191
Financial assets at fair value through profit or loss	17	**95,737**	–
Cash and bank balances	21	**2,274,752**	3,109,832
Total current assets		**2,412,568**	3,128,023
CURRENT LIABILITIES			
Trade payables	22	**1,475**	–
Other payables and accruals	23	**147,008**	145,672
Lease liabilities	14	**10,879**	4,929
Total current liabilities		**159,362**	150,601
NET CURRENT ASSETS		**2,253,206**	2,977,422
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,398,246**	3,043,800
NON-CURRENT LIABILITIES			
Lease liabilities	14	**3,933**	5,992
Total non-current liabilities		**3,933**	5,992
Net assets		**2,394,313**	3,037,808
EQUITY			
Equity attributable to owners of the parent			
Share capital	24	**446**	448
Treasury shares	24	**(18,758)**	(30)
Reserves	25	**2,412,625**	3,037,390
Total equity		**2,394,313**	3,037,808

Dr. Jay Mei
Director

Mr. Donald Andrew Lung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2021

		Attributable to owners of the parent					
	Notes	Share capital RMB'000	Treasury shares RMB'000	Share option reserve* RMB'000	Share premium* RMB'000	Accumulated losses* RMB'000	Total RMB'000
At January 1, 2020		72	–	2	(51,562)	(506,123)	(557,611)
Loss and total comprehensive loss for the year		–	–	–	–	(2,928,921)	(2,928,921)
Shares repurchased	24	(5)	–	–	(139,640)	–	(139,645)
Issue of shares	24	14	(15)	(6)	7	–	–
Conversion of convertible redeemable preferred shares to ordinary shares	24	95	–	–	4,271,497	–	4,271,592
Capitalisation issue	24	169	(15)	–	(154)	–	–
Issue of shares from initial public offering ("IPO")	24	101	–	–	2,364,721	–	2,364,822
Issue of shares from exercise of an over-allotment option	24	2	–	–	45,431	–	45,433
Share issue expenses	24	–	–	–	(106,984)	–	(106,984)
Equity-settled share option arrangements	26	–	–	89,122	–	–	89,122
Transfer of share option reserve upon the forfeiture of share options		–	–	(6)	–	6	–
At December 31, 2020		448	(30)	89,112	6,383,316	(3,435,038)	3,037,808

		Attributable to owners of the parent						
	Notes	**Share capital RMB'000**	**Treasury shares RMB'000**	**Share option reserve* RMB'000**	**Share premium* RMB'000**	**Exchange fluctuation reserve* RMB'000**	**Accumulated losses* RMB'000**	**Total RMB'000**
At January 1, 2021		**448**	**(30)**	**89,112**	**6,383,316**	**–**	**(3,435,038)**	**3,037,808**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(655,529)**	**(655,529)**
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**16,039**	**–**	**16,039**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**	**16,039**	**(655,529)**	**(639,490)**
Equity-settled share option arrangements	26	**–**	**–**	**42,085**	**–**	**–**	**–**	**42,085**
Repurchase of ordinary shares	24	**–**	**(47,945)**	**–**	**–**	**–**	**–**	**(47,945)**
Cancellation of ordinary shares	24	**(2)**	**29,217**	**–**	**(29,215)**	**–**	**–**	**–**
Exercise of share options	24	**–**	**–**	**(273)**	**2,128**	**–**	**–**	**1,855**
At December 31, 2021		**446**	**(18,758)**	**130,924**	**6,356,229**	**16,039**	**(4,090,567)**	**2,394,313**

* These reserve accounts comprise the consolidated reserves of RMB2,412,625,000 (2020: RMB3,037,390,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS USED IN OPERATING ACTIVITIES			
Loss before tax		**(655,529)**	(2,928,921)
Adjustments for:			
Finance costs	7	**698**	1,032
Bank interest income	5	**(16,760)**	(12,202)
Share issue expenses		**–**	28,570
Depreciation of property, plant and equipment	13	**3,927**	390
Depreciation of right-of-use assets	14	**7,038**	3,648
Amortisation of other intangible assets	15	**532**	51
Equity-settled share option expense	26	**42,085**	89,122
Fair value loss on convertible redeemable preferred shares	5	**–**	2,356,271
Gain on disposal of right-of-use assets for early terminated leases	5	**–**	(44)
Loss on repurchase of convertible redeemable preferred shares	5	**–**	15,150
Foreign exchange differences, net	5	**77,750**	80,551
Fair value gain on financial assets at fair value through profit or loss	5	**(343)**	–
Impairment losses on financial assets	20	**2**	–
		(540,600)	(366,382)
Increase in inventories		**(2,578)**	–
Increase in trade receivables		**(7,008)**	–
Increase in prepayments and other receivables		**(13,389)**	(8,144)
Increase in trade payables		**1,475**	–
(Decrease)/increase in other payables and accruals		**4,450**	67,407
Net cash flows used in operating activities		**(557,650)**	(307,119)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	13	**(23,389)**	(51,747)
Purchases of other intangible assets		**(46,904)**	(241)
Decrease/(increase) in time deposits with original maturity of more than three months	21	**54,939**	(557,911)
Interest received		**13,596**	10,963
Decrease/(increase) in pledged deposits	21	**37**	(1,631)
Purchases of financial assets at fair value through profit or loss	17	**(99,589)**	–
Purchases of equity investments designated at fair value through other comprehensive income		**(2,574)**	–
Net cash flows used in investing activities		**(103,884)**	(600,567)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES			
Proceeds from IPO		**–**	2,410,255
Share issue expenses		**(26,316)**	(105,546)
Proceeds from issue of convertible redeemable preferred shares		**–**	680,961
Repurchase of ordinary shares		**(47,945)**	(139,645)
Repurchase of convertible redeemable preferred shares		**–**	(50,274)
Principal portion of lease payments	14	**(8,888)**	(3,982)
Exercise of share options		**1,855**	–
Net cash flows (used in)/from financing activities	27	**(81,294)**	2,791,769
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(742,828)**	1,884,083
Cash and cash equivalents at beginning of year		**2,094,282**	290,787
Effect of foreign exchange rate changes, net		**(37,276)**	(80,588)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	**1,314,178**	2,094,282
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**2,274,752**	3,109,832
Pledged deposits	21	**(4,219)**	(4,256)
Bank deposits with original maturity of more than three months when acquired	21	**(956,355)**	(1,011,294)
Cash and cash equivalents as stated in the statement of cash flows		**1,314,178**	2,094,282

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on August 28, 2018. The registered address of the Company is the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investing holding company. During the year, the Group was involved in the research and development of pharmaceutical products.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") effective from November 20, 2020.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Antengene (BVI) Limited	British Virgin Islands/ British Virgin Islands September 14, 2018	USD50,000	100%	–	Investment holding
Keith Valley Investment Limited	British Virgin Islands/ British Virgin Islands December 19, 2018	USD50,000	100%	–	Investment holding
Brighton Circle Limited	British Virgin Islands/ British Virgin Islands February 26, 2019	USD50,000	100%	–	Investment holding
Sea Quest Limited	British Virgin Islands/ British Virgin Islands October 23, 2019	USD2	100%	–	Investment holding
Antengene (Singapore) Pte. Ltd. (previously as: Boysenberry PTE.LTD)	Singapore/Singapore November 20, 2019	SGD50,000	100%	–	Research and development
Avalon Court Limited (澳郎科泰一人有限公司)	Macau/Macau November 12, 2020	MOP25,000	100%	–	Investment holding
Antengene Discovery Sciences Limited[2]	British Virgin Islands/ British Virgin Islands May 7, 2021	USD50,000	100%	–	Investment holding

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
AIM Corporation Limited[2]	Hong Kong/Hong Kong August 27, 2021	HKD10,000	100%	–	Investment holding
Antengene Biologics Limited (previously as: Antengene Investment Limited)	Hong Kong/Hong Kong September 20, 2018	HKD1	–	100%	Investment holding
Antengene Corporation (Hong Kong) Limited (德琪控股有限公司)	Hong Kong/Hong Kong January 21, 2016	HKD10,000	–	100%	Investment holding and trading
Antengene Therapeutics Limited	Hong Kong/Hong Kong September 19, 2017	USD13,000,000	–	100%	Investment holding
Antengene Corporation Co., Ltd.[1,3] (德琪(浙江)醫藥科技有限公司)	PRC/ Mainland China June 15, 2016	RMB255,000,000	–	100%	Research and development
Shanghai Antengene Corporation Limited[1] (上海德琪醫藥科技有限公司)	PRC/ Mainland China August 19, 2016	RMB36,000,000	–	100%	Research and development
Zhejiang Defu Biopharmaceutical Co., Ltd.[1] (浙江德復生物醫藥科技有限公司)	PRC/ Mainland China December 22, 2017	RMB10,000,000	–	100%	Research and development
Antengene (Shanghai) Pharmaceutical Co., Ltd.[1,3] (德琪醫藥(上海)有限公司)	PRC/ Mainland China December 3, 2019	RMB14,000,000	–	100%	Research and development
ANTENGENE (AUS) PTY.LTD	Australia/Australia December 13, 2019	AUD1,000	–	100%	Research and development
Antengene Biotech LLC	State of Delaware, United States of America ("USA")/USA March 20, 2019	USD1,500	–	100%	Research and development

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zhejiang Antengene Pharmaceuticals Co., Ltd.[1] (浙江德琪製藥有限公司)	PRC/ Mainland China August 6, 2019	RMB40,000,000	–	100%	Manufacture and trading
Hainan Antengene Pharmaceuticals Co., Ltd.[1] (海南德琪醫藥有限公司)	PRC/ Mainland China December 31, 2020	RMB10,000,000	–	100%	Trading
Antengene Medicine Co., Ltd.[2] (德琪醫藥株式會社)	South Korea/ South Korea February 17, 2021	KRW100,000,000	–	100%	Trading
Antengene (Hangzhou) Biologics Co., Ltd.[1,2,3] (德琪(杭州)生物有限公司)	PRC/ Mainland China May 25, 2021	USD30,000,000	–	100%	Research and development
Antengene Discovery Limited[2] (德琪研發有限公司)	Hong Kong/Hong Kong June 18, 2021	HKD10,000	–	100%	Research and development
Antengene (Zhejiang) Pharmaceutical Co., Ltd.[1,2,3] (德麗(浙江)醫藥有限公司)	PRC/ Mainland China September 29, 2021	USD5,000,000	–	100%	Research and development
Defu (Shanghai) Supply Chain Management Co., Ltd.[1,2] (德復(上海)供應鏈管理有限公司)	PRC/ Mainland China November 23, 2021	RMB5,000,000	–	100%	Manufacture and trading

1 The English names of these companies represent the best effort made by the directors to translate the Chinese names as these companies have not been registered with any official English names.

2 These subsidiaries were established by the Group in 2021.

3 These subsidiaries were registered as wholly-foreign-owned enterprises under PRC law.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board (the "IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond June 30, 2021 (early adopted)*

The adoption of the above amendments had no impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2, 4]
Amendments to IFRS 17	*Initial Application of IFRS17 and IFRS9 – Comparative Information*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

1 Effective for annual periods beginning on or after January 1, 2022
2 Effective for annual periods beginning on or after January 1, 2023
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1, 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from January 1, 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after January 1, 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after January 1, 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16. The amendment is not expected to have a significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Office equipment	19% to 32%
Electronic equipment	19% to 33%
Motor vehicles	19% to 24%
Machinery	10% to 19%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Software	3 to 10 years

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Properties and office premises	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach (Continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition as payables.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, the Group's financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised 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 amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants (Continued)

Some of the grants related to income have future related costs expected to be incurred, and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. These grants related to income are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss when related costs are subsequently incurred and the Group received the government's acknowledgement of compliance.

Other government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of pharmaceutical products

Revenue from the sale of pharmaceutical products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the pharmaceutical products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

The Group operates the 2019 and 2020 Equity Incentive Plans for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 26 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (Continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme and forfeited contributions (on behalf of employees who leave the scheme prior to vesting fully in such contributions) may not be used to reduce the existing level of contributions.

The Group's contributions to the central pension scheme are computed based on a certain percentage, which was pre-determined by the local municipal government, of the sum of basic salary and allowance of employees.

For the year ended 31 December 2021, the Group did not have any defined benefit plan.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation. The Company currently expense all the milestone and upfront payments under the drug license agreements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. Further details are included in note 10 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 31 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments as at December 31, 2021 was RMB4,195,000 (2020: Nil). Further details are included in note 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Share-based payments

The Group has set up the 2019 and 2020 Equity Incentive Plans and a share grant scheme for the Company's directors and the Group's employees. The fair value of the options is determined by the binomial model at the grant dates.

Estimating the fair value for share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with employees at the grant dates, the Group uses a binomial model. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in note 26 to the financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and the related depreciation charge for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the research and development of pharmaceutical products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	2021 RMB'000	2020 RMB'000
Greater China	**28,531**	–
Other countries/regions	**238**	–
	28,769	–

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2021 RMB'000	2020 RMB'000
Greater China	**137,164**	66,378
United States	**1,107**	–
	138,271	66,378

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

Information about a major customer

Revenue from a single customer amounting to over 10% to the total revenue of the Group in the reporting period is as follows:

	2021 RMB'000	2020 RMB'000
Customer A	**28,315**	N/A

5. REVENUE, OTHER INCOME AND GAINS AND OTHER EXPENSES

An analysis of revenue is as follows:

	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers	**28,769**	–

Revenue from contracts with customers

(a) Disaggregated revenue information

	2021 RMB'000	2020 RMB'000
Types of goods		
Sales of pharmaceutical products	**28,769**	–
Geographical markets		
Greater China	**28,531**	–
Other countries/regions	**238**	–
Total revenue from contracts with customers	**28,769**	–
Timing of revenue recognition		
Goods transferred at a point in time	**28,769**	–

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of pharmaceutical products

The performance obligation is satisfied upon delivery of the pharmaceutical products and payment is generally due within 60 to 90 days from the billing date.

5. REVENUE, OTHER INCOME AND GAINS AND OTHER EXPENSES (CONTINUED)

An analysis of other income and gains is as follows:

	2021 RMB'000	2020 RMB'000
Other income		
Government grants related to income*	**23,970**	13,841
Bank interest income	**16,760**	12,202
Other interest income from financial assets at fair value through profit or loss	**1,072**	–
Others	**422**	747
	42,224	26,790
Other gains		
Fair value gain on financial assets at fair value through profit or loss	**343**	–
Gain on disposal of right-of-use assets for early terminated leases	**–**	44
	42,567	26,834

* Government grants include subsidies from the governments which are specifically for (i) the incentive and subsidies for research and development activities which are recognised upon compliance with the attached conditions; and (ii) other government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs recognised in profit or loss in the period in which they become receivable.

An analysis of other expenses is as follows:

	2021 RMB'000	2020 RMB'000
Other expenses		
Fair value loss on convertible redeemable preferred shares	**–**	2,356,271
Foreign exchange loss, net	**77,750**	80,551
Loss on repurchase of convertible redeemable preferred shares	**–**	15,150
Others	**1,404**	420
	79,154	2,452,392

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2021 RMB'000	2020 RMB'000
Cost of inventories sold		**4,580**	–
Depreciation of property, plant and equipment	13	**3,927**	390
Depreciation of right-of-use assets	14	**7,038**	3,648
Amortisation of other intangible assets	15	**532**	51
Lease payments not included in the measurement of lease liabilities	14	**508**	612
Auditor's remuneration		**2,300**	2,000
Share issue expenses		**–**	28,570
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 8)*):			
Wages and salaries		**131,711**	60,832
Pension scheme contributions (defined contribution scheme)		**16,227**	4,302
Staff welfare expenses		**5,913**	3,186
Equity-settled share option expense		**29,689**	2,259
		183,540	70,579
Foreign exchange differences, net*	5	**77,750**	80,551
Other interest income from financial assets at fair value through profit or loss**	5	**1,072**	–
Fair value gain on financial assets at fair value through profit or loss**	5	**343**	–
Loss on repurchase of convertible redeemable preferred shares*	5	**–**	15,150
Gain on disposal of right-of-use assets for early terminated leases**	5	**–**	(44)
Fair value loss on convertible redeemable preferred shares*	5	**–**	2,356,271

* Included in "Other expenses" in the consolidated statement of profit or loss
** Included in "Other income and gains" in the consolidated statement of profit or loss

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 RMB'000	2020 RMB'000
Interest on lease liabilities	**698**	1,032

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021 RMB'000	2020 RMB'000
Fees	**1,291**	690
Other emoluments:		
Salaries, allowances and benefits in kind	**10,838**	6,749
Performance related bonuses	**6,827**	7,607
Equity-settled share option expense	**12,396**	86,863
Pension scheme contributions	**1,118**	969
	32,470	102,878

During the year, certain directors were granted share options, in respect of their services to the Group, under the 2019 and 2020 Equity Incentive Plans of the Company, further details of which are set out in note 26 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Independent non-executive directors

	Fees RMB'000	Equity-settled share option expense RMB'000	Total RMB'000
2021			
Mr. Mark J. Alles (i)	**645**	**522**	**1,167**
Ms. Qian Jing (ii)	**323**	**23**	**346**
Mr. Tang Sheng (ii)	**323**	**23**	**346**
	1,291	**568**	**1,859**
2020			
Mr. Mark J. Alles (i)	690	105	795
Ms. Qian Jing (ii)	–	4	4
Mr. Tang Sheng (ii)	–	4	4
	690	113	803

(i) Mr. Mark J. Alles was appointed as an independent director of the Company on January 2, 2020 and was re-designated to an independent non-executive director of the Company on August 18, 2020.

(ii) Ms. Qian Jing and Mr. Tang Sheng were appointed as independent non-executive directors of the Company on November 9, 2020.

There were no other emoluments payable to the independent non-executive directors during the year (2020: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors and non-executive directors

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Equity-settled share option expense RMB'000	Total RMB'000
2021					
Executive directors:					
Mr. Liu Yiteng (ii)	**793**	**–**	**36**	**3,757**	**4,586**
Dr. Jay Mei (i)	**4,997**	**5,084**	**615**	**6,076**	**16,772**
Mr. John F. Chin (iii)	**2,409**	**723**	**310**	**1,722**	**5,164**
Dr. Kevin Patrick Lynch (vii)	**1,427**	**360**	**60**	**205**	**2,052**
Mr. Donald Andrew Lung (vii)	**1,212**	**660**	**97**	**68**	**2,037**
	10,838	**6,827**	**1,118**	**11,828**	**30,611**
Non-executive directors:					
Mr. Hu Xubo (v)	**–**	**–**	**–**	**–**	**–**
Mr. Liu Yilun (viii)	**–**	**–**	**–**	**–**	**–**
Mr. Cao Yanling (vi)	**–**	**–**	**–**	**–**	**–**
Dr. Kan Chen (viii)	**–**	**–**	**–**	**–**	**–**
Mr. Li Zhen (vi)	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Equity-settled share option expense RMB'000	Total RMB'000
2020					
Executive directors:					
Mr. Liu Yiteng (ii)	1,136	2,630	55	7,134	10,955
Dr. Jay Mei (i)	3,335	4,078	587	79,441	87,441
Mr. John F. Chin (iii)	2,253	899	327	175	3,654
	6,724	7,607	969	86,750	102,050
Non-executive directors:					
Mr. Hu Xubo (v)	–	–	–	–	–
Mr. Li Ming (iv)	–	–	–	–	–
Mr. Cao Yanling (vi)	–	–	–	–	–
Mr. Li Teng (iv)	25	–	–	–	25
Mr. Li Zhen (vi)	–	–	–	–	–
	25	–	–	–	25

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors and non-executive directors (continued)

(i) Dr. Jay Mei was appointed as a director of the Company on August 28, 2018 and was re-designated to an executive director of the Company on August 18, 2020. His remuneration disclosed above included the remuneration for the services rendered by him as the chief executive.

(ii) Mr. Liu Yiteng was appointed as a director of the Company on November 22, 2018 and was re-designated to an executive director of the Company on August 18, 2020. Mr. Liu Yiteng resigned as an executive director of the Company on June 18, 2021.

(iii) Mr. John F. Chin was appointed as an executive director of the Company on August 18, 2020.

(iv) Mr. Li Teng and Mr. Li Ming were appointed as directors of the Company on November 22, 2018. Mr. Li Teng and Mr. Li Ming resigned as directors of the Company on August 18, 2020.

(v) Mr. Hu Xubo was appointed as a director of the Company on November 22, 2018 and was re-designated to a non-executive director of the Company on August 18, 2020. Mr. Hu Xubo resigned as a non-executive director of the Company on March 26, 2021.

(vi) Mr. Cao Yanling and Mr. Li Zhen were appointed as directors of the Company on February 4, 2019 and were re-designated to non-executive directors of the Company on August 18, 2020. Mr. Cao Yanling and Mr. Li Zhen resigned as non-executive directors of the Company on December 16, 2021 and June 18, 2021 respectively.

(vii) Dr. Kevin Patrick Lynch and Mr. Donald Andrew Lung were appointed as executive directors of the Company on June 18, 2021.

(viii) Mr. Liu Yilun and Dr. Kan Chen were appointed as non-executive directors of the Company on December 16, 2021 and March 26, 2021 respectively.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2020: three directors), details of whose remuneration are set out in note 8 above. In addition, included in the five highest paid employees for the year ended December 31, 2021 was an individual being appointed as a director during the year. The total remuneration of this individual, including the remuneration in respect of his qualifying services as a director, is comprised of salaries of RMB2,252,000, performance related bonuses of RMB1,319,000, pension scheme contributions of RMB178,000 and share-based payment expenses of RMB3,922,000, respectively. Besides, included in the five highest paid employees for the year ended December 31, 2021 was an individual being resigned as a director during the year. The total remuneration of this individual, including the remuneration in respect of his qualifying services as a director, is comprised of salaries of RMB1,829,000, pension scheme contributions of RMB77,000 and share-based payment expenses of RMB3,825,000, respectively. Details of the remuneration for the year of the remaining two (2020: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

9. FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

	2021 RMB'000	2020 RMB'000
Salaries, allowances, and benefits in kind	**5,871**	3,260
Performance related bonuses	**2,071**	3,155
Equity-settled share option expense	**4,529**	688
Pension scheme contributions	**439**	331
	12,910	7,434

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2021	2020
HKD4,000,001 to HKD4,500,000	**–**	2
HKD4,500,001 to HKD5,000,000	**–**	–
HKD5,000,001 to HKD5,500,000	**–**	–
HKD5,500,001 to HKD6,000,000	**–**	–
HKD6,000,001 to HKD6,500,000	**–**	–
HKD6,500,001 to HKD7,000,000	**1**	–
HKD7,000,001 to HKD7,500,000	**–**	–
HKD7,500,001 to HKD8,000,000	**–**	–
HKD8,000,001 to HKD8,500,000	**–**	–
HKD8,500,001 to HKD9,000,000	**1**	–
	2	2

During the year and in prior years, share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 26 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil).

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

British Virgin Islands

Under the current laws of the British Virgin Islands ("BVI"), the subsidiaries incorporated in the BVI are not subject to tax on income or capital gains. In addition, upon payments of dividends by these subsidiaries to their shareholders, no BVI withholding tax is imposed.

Hong Kong

The subsidiaries incorporated in Hong Kong were subject to income tax at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2020: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%).

Macau

The subsidiary incorporated in Macau was subject to income tax at the rate of 12% (2020: 12%) on the estimated assessable profits arising in Macau during the year.

Mainland China

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China were subject to CIT at a rate of 25% (2020: 25%) on the taxable income.

Australia

No provision for Australia profits tax has been made as the Group had no assessable profits derived from or earned in Australia during the year (2020: Nil). The subsidiary incorporated in Australia was subject to income tax at the rate of 26% (2020: 26%) on the estimated assessable profits arising in Australia during the year.

Singapore

No provision for Singapore profits tax has been made as the Group had no assessable profits derived from or earned in Singapore during the year (2020: Nil). The subsidiary incorporated in Singapore was subject to income tax at the rate of 17% (2020: 17%) on the estimated assessable profits arising in Singapore during the year.

10. INCOME TAX (CONTINUED)

South Korea

No provision for South Korea profits tax has been made as the Group had no assessable profits derived from or earned in South Korea during the year. The subsidiary incorporated in South Korea was subject to income tax at the rate of 10% on the estimated assessable profits arising in South Korea during the year.

United States of America

The subsidiary incorporated in Delaware, the United States was subject to statutory federal corporate income tax of the United States at a rate of 21% (2020: 21%). It was also subject to the state income tax in Delaware at a rate of 8.7% (2020: 8.7%) during the year.

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2021	2020
	RMB'000	RMB'000
Loss before tax	**(655,529)**	(2,928,921)
Tax at the statutory tax rate (25%)	**(163,882)**	(732,230)
Different tax rates for specific jurisdictions or enacted by local authorities	**29,760**	48,764
Additional deductible allowance for qualified research and development costs	**(35,637)**	(17,951)
Expenses not deductible for tax	**14,306**	639,500
Tax losses and temporary differences not recognised	**155,453**	61,917
Tax charge at the Group's effective rate	**–**	–

The Group has accumulated tax losses in Mainland China of RMB828,955,000 and RMB346,330,000 as at December 31, 2021 and 2020, respectively, that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has accumulated tax losses in overseas subsidiaries of RMB220,008,000 and RMB45,172,000 in aggregate as at December 31, 2021 and 2020, respectively, that will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in the foreseeable future will be available against which the tax losses can be utilised.

11. DIVIDENDS

No dividend was paid or declared by the Company during the years ended December 31, 2021 and 2020.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 624,989,465 shares (2020: 251,098,557 shares after adjusted for the effect of the capitalisation issue, as adjusted to reflect the rights issue in the year 2020) in issue.

No adjustment has been made to the basic loss per share amounts presented for the year ended December 31, 2021 in respect of a dilution as the impact of the share options (2020: the share options and redeemable convertible preferred shares) outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	2021 RMB'000	2020 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(655,529)**	(2,928,921)

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**624,989,465**	251,098,557

13. PROPERTY, PLANT AND EQUIPMENT

	Office equipment RMB'000	Electronic equipment RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Construction in progress RMB'000	Total RMB'000
December 31, 2021						
At January 1, 2021						
Cost	901	1,135	422	3,882	50,708	57,048
Accumulated depreciation	(305)	(314)	(113)	(83)	–	(815)
Net carrying amount	596	821	309	3,799	50,708	56,233
At January 1, 2021, net of accumulated depreciation	596	821	309	3,799	50,708	56,233
Additions	1,012	2,045	1,584	10,718	3,530	18,889
Transfer	386	955	–	5,623	(6,964)	–
Depreciation provided during the year	(288)	(633)	(242)	(2,764)	–	(3,927)
At December 31, 2021, net of accumulated depreciation	1,706	3,188	1,651	17,376	47,274	71,195
At December 31, 2021:						
Cost	2,299	4,135	2,006	20,223	47,274	75,937
Accumulated depreciation	(593)	(947)	(355)	(2,847)	–	(4,742)
Net carrying amount	1,706	3,188	1,651	17,376	47,274	71,195
December 31, 2020						
At January 1, 2020:						
Cost	288	270	184	–	11	753
Accumulated depreciation	(172)	(184)	(69)	–	–	(425)
Net carrying amount	116	86	115	–	11	328
At January 1, 2020, net of accumulated depreciation	116	86	115	–	11	328
Additions	613	865	238	3,882	50,697	56,295
Depreciation provided during the year	(133)	(130)	(44)	(83)	–	(390)
At December 31, 2020, net of accumulated depreciation	596	821	309	3,799	50,708	56,233
At December 31, 2020:						
Cost	901	1,135	422	3,882	50,708	57,048
Accumulated depreciation	(305)	(314)	(113)	(83)	–	(815)
Net carrying amount	596	821	309	3,799	50,708	56,233

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties and office premises used in its operations. Leases of properties and office premises generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Properties and office premises RMB'000
As at January 1, 2020	3,765
Additions	10,214
Disposals	(463)
Depreciation charge	(3,648)
As at December 31, 2020 and January 1, 2021	**9,868**
Additions	**12,077**
Depreciation charge	**(7,038)**
Exchange realignment	**9**
As at December 31, 2021	**14,916**

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2021 RMB'000	2020 RMB'000
Carrying amount at January 1	**10,921**	4,164
New leases	**12,077**	10,214
Accretion of interest recognised during the year	**698**	1,032
Payments	**(8,888)**	(3,982)
Disposals	**–**	(507)
Exchange realignment	**4**	–
Carrying amount at December 31	**14,812**	10,921
Analysed into:		
Current portion	**10,879**	4,929
Non-current portion	**3,933**	5,992

The maturity analysis of lease liabilities is disclosed in note 32 to the financial statements.

14. LEASES (CONTINUED)

The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 RMB'000	2020 RMB'000
Interest on lease liabilities	**698**	1,032
Depreciation charge of right-of-use assets	**7,038**	3,648
Expense relating to leases of short-term and low-value assets	**508**	612
Total amount recognised in profit or loss	**8,244**	5,292

(d) The total cash outflow for leases is disclosed in note 27 to the financial statements.

15. OTHER INTANGIBLE ASSETS

	Software RMB'000
December 31, 2021	
Cost at January 1, 2021, net of accumulated amortisation	**277**
Additions	**3,794**
Amortisation provided during the year	**(532)**
At December 31, 2021	**3,539**
At December 31, 2021:	
Cost	**4,122**
Accumulated amortisation	**(583)**
Net carrying amount	**3,539**
December 31, 2020	
Cost at January 1, 2020, net of accumulated amortisation	87
Additions	241
Amortisation provided during the year	(51)
At December 31, 2020	277
At December 31, 2020 and January 1, 2021:	
Cost	328
Accumulated amortisation	(51)
Net carrying amount	277

16. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 RMB'000	2020 RMB'000
Unlisted fund investment, at fair value	**2,574**	–

The above unlisted fund investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RMB'000	2020 RMB'000
Current:		
Wealth management products*	**95,737**	–
Non current:		
Unlisted equity investment, at fair value**	**4,195**	–

* The above wealth management products were issued by financial institutions and commercial banks in Mainland China and Hong Kong. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

** The above investment represent the unlisted equity interest in a certain entity which was mainly engaged in drug discovery. This investment was not held for trading but for the long term strategic purpose and measured at fair value through profit or loss.

18. PREPAYMENTS AND OTHER RECEIVABLES

	2021 RMB'000	2020 RMB'000
Non-current:		
Deposits and other receivables	**2,249**	–
Prepayments for purchases of property, plant and equipment	**3,262**	–
Prepayments for purchases of other intangible assets*	**43,110**	–
	48,621	–
Current:		
Value-added tax recoverable	**20,340**	11,478
Interest receivables	**7,409**	4,245
Amounts due from shareholders *(note 29(b))*	**–**	37
Amounts due from related parties *(note 29(b))*	**17**	17
Prepayments	**2,396**	718
Deposits and other receivables	**2,333**	1,696
	32,495	18,191

* It mainly represents prepayments for the purchase of the land for the construction of Hangzhou production base primarily for industrialisation of antibody drugs and research and development.

18. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Other receivables had no historical default. The financial assets included in the above balances relate to receivables were categorised in stage 1 at the end of each reporting period. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the year, the Group estimated that the expected credit loss rate for other receivables and deposits was minimal.

The balances are interest-free and are not secured with collateral.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group's deposits and other receivables relate to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its deposits and other receivable balances.

19. INVENTORIES

	2021 RMB'000	2020 RMB'000
Raw materials	**2,080**	–
Finished goods	**498**	–
	2,578	–

20. TRADE RECEIVABLES

	2021 RMB'000	2020 RMB'000
Trade receivables	**7,008**	–
Impairment	**(2)**	–
	7,006	–

The Group's trading terms with its customers are mainly on credit. The credit period is generally two to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

20. TRADE RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 RMB'000	2020 RMB'000
Within 3 months	7,006	–

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 RMB'000	2020 RMB'000
At beginning of year	–	–
Impairment losses	2	–
At end of year	2	–

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns by customer type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at December 31, 2021	Current
Expected credit loss rate	0.03%
Gross carrying amount (RMB'000)	7,008
Expected credit losses (RMB'000)	2

21. CASH AND BANK BALANCES

	2021 RMB'000	2020 RMB'000
Cash and bank balances	**2,274,752**	3,109,832
Less:		
Pledged deposits (i)	**4,219**	4,256
Bank deposits with original maturity of more than three months when acquired (ii)	**956,355**	1,011,294
Cash and cash equivalents	**1,314,178**	2,094,282

(i) They represent pledged deposits in commercial banks for bank loans and bank overdraft. None of these deposits are either past due or impaired.

(ii) They represent time deposits with initial terms of over three months when acquired in commercial banks with annual return rates ranging from 0.40% to 1.10% (2020: 0.96% to 3.35%). None of these deposits are either past due or impaired. None of these deposits are pledged.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021 RMB'000	2020 RMB'000
Within 3 months	1,475	–

The trade payables are non-interest-bearing and are normally settled terms of two to three months.

23. OTHER PAYABLES AND ACCRUALS

	2021 RMB'000	2020 RMB'000
Amounts due to related parties *(note 29(b))*	348	16,545
Amounts due to shareholders *(note 29(b))*	–	73
Deferred income*	26,781	36,381
Payroll payable	40,446	28,584
Other tax payables	4,488	3,113
Accrued share issue expenses	3,692	30,008
Payables for purchase of property, plant and equipment	3,310	4,548
Other payables**	67,943	26,420
	147,008	145,672

* During the year ended December 31, 2021, deferred income included the government grants related to an asset of RMB26,781,000 (2020: RMB26,781,000) that will be recognised in profit or loss over the expected useful life of the relevant asset. No (2020: RMB9,600,000) government grants related to income will be recognised in profit or loss upon the compliance of the Group with the conditions attached to the grants and the government acknowledges acceptance.

** Other payables primarily consist of accrued or invoiced but unpaid fees for services from contract research organisations ("CROs"), contract development manufacture organisations ("CDMOs") and clinical site management operators ("SMOs").

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals as at the end of each reporting period approximate to their fair values due to their short-term maturities.

24. SHARE CAPITAL AND TREASURY SHARES

Issued and fully paid:

	As at December 31, 2021		
	Number of shares in issue	**Share capital USD'000**	**RMB equivalent RMB'000**
Ordinary shares of USD0.0001 each	**667,890,144**	**67**	**446**

	As at December 31, 2020		
	Number of shares in issue	Share capital USD'000	RMB equivalent RMB'000
Ordinary shares of USD0.0001 each	671,180,644	67	448

24. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

A summary of movements in the Company's share capital is as follows:

	Notes	Number of shares in issue	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Total RMB'000
At December 31, 2019 and January 1, 2020		103,560,160	72	–	(51,562)	(51,490)
Issue of ordinary shares	(a)	8,461,747	6	–	–	6
Issue of ordinary shares	(b)	12,851,116	8	(8)	–	–
Treasury shares held in the trust	(c)	–	–	(7)	7	–
Repurchase of ordinary shares	(d)	(7,074,861)	(5)	–	(139,640)	(139,645)
Conversion of convertible redeemable preferred shares to ordinary shares	(e)	139,224,160	95	–	4,271,497	4,271,592
Capitalisation issue	(f)	257,022,322	169	(15)	(154)	–
Issue of shares from IPO	(g)	154,153,500	101	–	2,364,721	2,364,822
Issue of shares from exercise of an over-allotment option	(h)	2,982,500	2	–	45,431	45,433
Share issue expenses		–	–	–	(106,984)	(106,984)
At December 31, 2020 and January 1, 2021		**671,180,644**	**448**	**(30)**	**6,383,316**	**6,383,734**
Repurchase of ordinary shares	**(i)**	**–**	**–**	**(47,945)**	**–**	**(47,945)**
Cancellation of ordinary shares	**(i)**	**(3,290,500)**	**(2)**	**29,217**	**(29,215)**	**–**
Exercise of share options	**(j)**	**–**	**–**	**–**	**2,128**	**2,128**
At December 31, 2021		**667,890,144**	**446**	**(18,758)**	**6,356,229**	**6,337,917**

Notes:

(a) Pursuant to a board resolution dated June 19, 2020, the Company resolved to grant 8,461,747 ordinary shares (equivalent to 16,923,494 shares after adjusted for the effect of the capitalisation issue) in total to Dr. Jay Mei and Mr. Liu Yiteng as an anti-dilution adjustment. Further details are included in note 26 to the financial statements.

(b) Pursuant to a board resolution dated August 18, 2020, 12,851,116 ordinary shares (equivalent to 25,702,232 shares after adjusted for the effect of the capitalisation issue) were allotted and issued and held by the Trustee on trust through ATG Incentives Holding Plus Limited as reserve for grant of share options under the 2020 Equity Incentive Plan. The shares held in the trust are accounted for as treasury shares of the Company. Further details are included in note 26 to the financial statements.

(c) It referred to 10,000,000 ordinary shares (equivalent to 20,000,000 shares after adjusted for the effect of the capitalisation issue) held by the Trustee on trust through ATG Incentives Holding Limited. The shares held in the trust are accounted for as treasury shares of the Company. Further details are included in note 26 to the financial statements.

(d) The Company repurchased and cancelled 5,000,000 ordinary shares from Orcapurs Investment Limited and 2,074,861 ordinary shares from Grand Path Holdings Limited respectively at a price of USD2.83 per share on July 11, 2020 and the total cash consideration of RMB139,645,000 has been fully paid in July 2020. The difference between the carrying amount of share capital RMB5,000 and the repurchase cost of ordinary shares of RMB139,645,000 recognised in equity amounted to RMB139,640,000.

(e) All convertible redeemable preferred shares were automatically converted into ordinary shares on a one for one basis upon the successful IPO of the Company on November 20, 2020. As a result, the financial liabilities for convertible redeemable preferred shares were derecognised and recorded as share capital and share premium.

24. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

Notes: (continued)

(f) Pursuant to the written resolution of the shareholders of the Company passed on November 5, 2020, and subject to the share premium account of the Company being credited as a result of the issue of the offer shares pursuant to the Global Offering, a total of 257,022,322 shares credited as fully paid at par were allotted and issued on the Listing Date ("November 20, 2020") to the holders of shares whose names appear on the register of members of the Company on the day preceding the Listing Date in proportion to their then existing shareholdings in the Company (on the basis that each preferred share was converted into one share) by capitalising the relevant sum from the share premium account of the Company. The shares allotted and issued pursuant to the above capitalisation issue would rank pari passu in all respects with the existing issued shares.

(g) In connection with the Company's IPO on November 20, 2020, 154,153,500 ordinary shares were issued and allotted at an offer price of HKD18.08 per share for a total gross cash consideration of HKD2,787,095,280 (equivalent to RMB2,364,822,000).

(h) In connection with the exercise of an over-allotment option, 2,982,500 ordinary shares were issued and allotted at an offer price of HKD18.08 per share on December 12, 2020.

(i) The Company purchased 5,497,500 shares of its shares on the Hong Kong Stock Exchange at a total consideration of HKD58,236,630 (equivalent to RMB47,945,000), of which 3,290,500 shares have been cancelled for the year ended December 31, 2021.

(j) The subscription rights attaching to 170,500 and 148,500 share options were exercised at the subscription prices of USD0.88 and USD0.92 per share respectively (note 26), resulting in 319,000 share options transferred from the treasury shares for a total cash consideration of RMB1,855,000. An amount of RMB273,000 was transferred from the share option reserve to share premium upon the exercise of the share options.

25. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 120 of the financial statements.

(i) Share premium

The share premium account represents the amount paid by shareholders for capital injection in excess of the nominal value.

(ii) Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised or be transferred to retained profits should the related options expire or be forfeited.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve represents the difference arising from the translation of financial statements of companies within the Group that have functional currencies different from RMB, the presentation currency of the Group, for the financial statements of the Group.

26. SHARE-BASED PAYMENTS

Equity Incentive Plans

The Company adopted the 2019 and 2020 Equity Incentive Plans on December 30, 2019 and August 18, 2020 respectively for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of the Equity Incentive Plans may include any officers, directors, employees of the Company, and any individual consultants or advisors who render or have rendered bona fide services to the Company.

The maximum aggregate number of shares that may be issued was 20,000,000 and 25,702,232 (after adjusted for the effect of the capitalisation issue) respectively under the 2019 and 2020 Equity Incentive Plans. Subject to any restriction contained in the equity share option plan, each vested option shall not be exercisable until the later of: (i) the date such option has vested and (ii) 30 days after the IPO, but shall be exercised within 10 years from the date of grant. The exercise price (after adjusted for the effect of the capitalisation issue) for each share ranges from USD0.88 to USD2.65 under the 2019 and 2020 Equity Incentive Plans.

On January 19, 2021, the Company granted options to 98 grantees subscribe for an aggregate of 4,560,000 shares and 1,696,000 shares under the 2019 and 2020 Equity Incentive Plans respectively. These options will be vested in the portions of 30%, 30% and 40% on the second, third and fourth anniversaries of the grant date of the options accordingly. The exercise price for each share is HKD20.65.

On August 27, 2021, the Company granted options to 151 grantees subscribe for an aggregate of 4,748,142 shares under the 2019 Equity Incentive Plan. These options will be vested in the portions of 30%, 30% and 40% on the second, third and fourth anniversaries of the grant date of the options accordingly. The exercise price for each share is HKD12.56.

On December 20, 2021, the Company granted options to 5 grantees subscribe for an aggregate of 178,000 shares under the 2020 Equity Incentive Plan. These options will be vested in the portions of 30%, 30% and 40% on the second, third and fourth anniversaries of the grant date of the options accordingly. The exercise price for each share is HKD10.288.

26. SHARE-BASED PAYMENTS (CONTINUED)

Equity Incentive Plans (continued)

The following share options were outstanding under the 2019 and 2020 Equity Incentive Plans during the years ended December 31, 2020 and 2021:

	2021		2020	
	Weighted average exercise price* USD	**Number of options**	Weighted average exercise price* USD	Number of options
At January 1	**1.02**	**27,074,178**	0.88	4,398,852
Granted during the year	**2.19**	**11,182,142**	1.08	9,489,560
Forfeited during the year	**1.83**	**(1,243,316)**	0.91	(351,323)
Cancelled during the year	**1.61**	**(330,000)**	–	–
Capitalisation issue	**–**	**–**	1.02	13,537,089
Exercised during the year	**0.90**	**(319,000)**	–	–
At December 31	**1.34**	**36,364,004**	1.02	27,074,178

- adjusted for the effect of the capitalisation issue

26. SHARE-BASED PAYMENTS (CONTINUED)

Equity Incentive Plans (continued)

The exercise prices (after adjusted for the effect of the capitalisation issue) and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2021

Number of options '000	Exercise price USD per share	Exercise period*
920	0.88	Dec 20, 2020 – Oct 31, 2029
223	0.88	Dec 20, 2020 – Aug 22, 2030
5,851	0.92	May 20, 2021 – Aug 22, 2030
400	0.92	May 20, 2021 – Oct 29, 2030
2,524	0.88	Nov 1, 2021 – Oct 31, 2029
223	0.88	Nov 1, 2021 – Aug 22, 2030
3,056	0.92 – 1.42	Aug 23, 2022 – Aug 22, 2030
45	1.42	Oct 19, 2022 – Oct 18, 2030
80	1.06 – 1.42	Oct 30, 2022 – Oct 29, 2030
1,864	0.88	Nov 1, 2022 – Oct 31, 2029
446	0.88	Nov 1, 2022 – Aug 22, 2030
1,721	2.66	Jan 19, 2023 – Jan 18, 2031
3,056	0.92 – 1.42	Aug 23, 2023 – Aug 22, 2030
1,295	1.61	Aug 27, 2023 – Aug 27, 2031
45	1.42	Oct 19, 2023 – Oct 18, 2030
80	1.06 – 1.42	Oct 30, 2023 – Oct 29, 2030
2,486	0.88	Nov 1, 2023 – Oct 31, 2029
594	0.88	Nov 1, 2023 – Aug 22, 2030
53	1.32	Dec 20, 2023 – Dec 20, 2031
1,721	2.66	Jan 19, 2024 – Jan 18, 2031
4,075	0.92 – 1.42	Aug 23, 2024 – Aug 22, 2030
1,295	1.61	Aug 27, 2024 – Aug 27, 2031
60	1.42	Oct 19, 2024 – Oct 18, 2030
107	1.06 – 1.42	Oct 30, 2024 – Oct 29, 2030
53	1.32	Dec 20, 2024 – Dec 20, 2031
2,294	2.66	Jan 19, 2025 – Jan 18, 2031
1,726	1.61	Aug 27, 2025 – Aug 27, 2031
71	1.32	Dec 20, 2025 – Dec 20, 2031
36,364		

26. SHARE-BASED PAYMENTS (CONTINUED)

Equity Incentive Plans (continued)

2020

Number of options '000	Exercise price USD per share	Exercise period*
1,314	0.88	Dec 20, 2020 – Mar 20, 2021
6,400	0.92	May 20, 2021 – Aug 18, 2021
1,578	0.88	Nov 1, 2021 – Jan 30, 2022
3,184	0.92 – 1.42	Aug 23, 2022 – Nov 21, 2022
46	1.42	Oct 19, 2022 – Jan 17, 2023
80	1.06 – 1.42	Oct 30, 2022 – Jan 28, 2023
2,891	0.88	Nov 1, 2022 – Jan 30, 2023
3,184	0.92 – 1.42	Aug 23, 2023 – Nov 21, 2023
46	1.42	Oct 19, 2023 – Jan 17, 2024
80	1.06 – 1.42	Oct 30, 2023 – Jan 28, 2024
3,855	0.88	Nov 1, 2023 – Jan 30, 2024
4,246	0.92 – 1.42	Aug 23, 2024 – Nov 21, 2024
62	1.42	Oct 19, 2024 – Jan 17, 2025
108	1.06 – 1.42	Oct 30, 2024 – Jan 28, 2025
27,074		

- Pursuant to a board resolution dated January 18, 2021, the exercise periods of the share options (including those options which have already been granted) under the 2019 and 2020 Equity Incentive Plans were extended to ten years from the grant date.

The fair value of the share options granted during the year was RMB78,918,000 (2020: RMB27,413,000), of which the Group recognised a share option expense of RMB42,085,000 (2020: RMB7,281,000) during the year ended December 31, 2021.

26. SHARE-BASED PAYMENTS (CONTINUED)

Equity Incentive Plans (continued)

The fair values of the equity-settled share options granted during the year were estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2021	2020
Dividend yield	**0.00%**	0.00%
Expected volatility	**47.67% – 49.73%**	43.84% – 52.40%
Historical volatility	**47.67% – 49.73%**	43.84% – 52.40%
Risk-free interest rate (%)	**0.77 – 1.26**	0.04 – 0.41
Expected life of options (year)	**3.10**	0.83 – 4.25
Exercise multiple	**2.2 – 2.8**	2.2 – 2.8
Weighted average share price (USD per share)	**1.09**	1.66

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

As at December 31, 2021, the Company had 36,364,000 share options outstanding under the 2019 and 2020 Equity Incentive Plans. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the additional share premium of RMB311,429,000.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash deductions to the share capital of RMB2,000 (2020: Nil) and the share premium of RMB29,215,000 (2020: Nil) respectively, and additions to the treasury shares of RMB29,217,000 (2020: Nil) due to the cancellation of ordinary shares as described in note 24 to the financial statements.

During the year, the Group had no non-cash additions to equity (2020: RMB4,271,592,000) due to the conversion of convertible redeemable preferred shares to ordinary shares.

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB12,077,000 (2020: RMB10,214,000) and RMB12,077,000 (2020: RMB10,214,000), respectively, in respect of lease arrangements for property and office premises.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities

	Lease liabilities RMB'000	Other payables and accruals RMB'000
At January 1, 2021	**10,921**	**30,008**
Changes from financing cash flows	**(8,888)**	**(26,316)**
New leases	**12,077**	**–**
Exchange realignment	**4**	**–**
Accretion of interest recognised during the year	**698**	**–**
At December 31, 2021	**14,812**	**3,692**

	Lease liabilities RMB'000	Other payables and accruals RMB'000	Convertible redeemable preferred shares RMB'000
At January 1, 2020	4,164	–	1,269,484
Changes from financing cash flows	(3,982)	–	630,687
New leases	10,214	–	–
Disposals	(507)	–	–
Accrued share issue expenses	–	30,008	–
Accretion of interest recognised during the year	1,032	–	–
Loss on repurchase of convertible redeemable preferred shares	–	–	15,150
Fair value change of convertible redeemable preferred shares	–	–	2,356,271
Transfer to ordinary shares	–	–	(4,271,592)
At December 31, 2020	10,921	30,008	–

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2021 RMB'000	2020 RMB'000
Within operating activities	**508**	612
Within financing activities	**8,888**	3,982
	9,396	4,594

28. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2021 RMB'000	2020 RMB'000
Contracted, but not provided for plant and machinery	**8,548**	11,178

29. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

During the year ended 2021, the Group purchased services from Shanghai Origincell Medical Technology Co., Ltd. of RMB22,699,000 (2020: RMB16,695,000). Shanghai Origincell Medical Technology Co., Ltd. was invested by Qiming Venture Partners, which was the shareholder of the Company.

During the year ended 2020, the Group purchased services of RMB18,923,000, RMB121,000, RMB372,000, RMB274,000, RMB81,000, RMB116,000, RMB3,407,000, from Hangzhou Tigermed Consulting Co., Ltd., Frontage Laboratories (Suzhou) Co., Ltd., DreamCIS Inc., Mosim Co., Ltd., Shanghai Lide Biotech Co., Ltd., Teddy Clinical Research Laboratory (Shanghai) Limited, Shanghai Yinuosi Bio-Technology Co., Ltd., respectively. These companies were ultimately controlled by Hangzhou Tigermed Consulting Co., Ltd., whose subsidiary, Hongkong Tigermed Co., Limited, was the shareholder of the Company.

During the year ended 2020, the Group purchased services of RMB623,000, RMB4,235,000, RMB136,000, RMB2,000, RMB148,000, RMB3,000, RMB109,000, from Shanghai STA Pharmaceutical R&D Co., Ltd., WuXi Clinical Development Services (Shanghai) Co., Ltd., WuXi Biologics (Hong Kong) Limited, Shanghai STA Pharmaceutical Product Co., Ltd., STA Pharmaceutical Hong Kong Limited, Shanghai MedKey Med-Tech Development Co., Ltd., Wuxi AppTec (Shanghai) Co., Ltd., respectively. These companies were ultimately controlled by Wuxi AppTec Co., Ltd., whose subsidiary, Wuxi PharmaTech Healthcare Fund IL.P, was the shareholder of the Company.

The prices of the services were determined according to the published prices and conditions similar to those offered to the major customers of the suppliers.

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties:

	Notes	2021 RMB'000	2020 RMB'000
Trade:			
Other payables:			
Due to related parties	(i)	–	16,514
Non-trade:			
Other receivables:			
Due from shareholders		–	37
Due from related parties		17	17
		17	54
Other payables:			
Due to shareholders		–	73
Due to related parties		348	31
		348	104

Notes:

(i) During the year ended 2020, the Group had outstanding balances of RMB15,022,000, RMB148,000, RMB3,000, RMB1,164,000, RMB146,000, RMB21,000, RMB10,000 with Hangzhou Tigermed Consulting Co., Ltd., STA Pharmaceutical Hong Kong Limited, Shanghai MedKey Med-Tech Development Co., Ltd., WuXi Clinical Development Services (Shanghai) Co., Ltd. of, Mosim Co., Ltd., Shanghai STA Pharmaceutical R&D Co., Ltd., Wuxi AppTec (Shanghai) Co., Ltd., respectively, for the services received.

The outstanding balances are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group:

	2021 RMB'000	2020 RMB'000
Short term employee benefits	40,371	29,973
Post-employment benefits	2,180	3,007
Equity-settled share option expense	26,075	87,884
Total compensation paid to key management personnel	68,626	120,864

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2021

Financial assets

	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	–	7,006	7,006
Financial assets included in prepayments and other receivables	–	–	12,008	12,008
Financial assets at fair value through profit or loss	–	99,932	–	99,932
Equity investments designated at fair value through other comprehensive income	2,574	–	–	2,574
Cash and bank balances	–	–	2,274,752	2,274,752
	2,574	99,932	2,293,766	2,396,272

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	1,475
Financial liabilities included in other payables and accruals	71,601
Lease liabilities	14,812
	87,888

30. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2020

Financial assets

	Financial assets at amortised cost RMB'000
Financial assets included in prepayments and other receivables	5,995
Cash and bank balances	3,109,832
	3,115,827

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in other payables and accruals	77,594
Lease liabilities	10,921
	88,515

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, trade payables, financial assets included in prepayments and other receivables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Below is a summary of significant inputs to the valuation of financial instruments together with an analysis as at December 31, 2021.

Financial assets/ financial liabilities	Fair value hierarchy	Valuation technique	Significant input	Relationship of inputs to fair value
Wealth management products	Level 2	Monte Carlo method	Spot exchange rate	The higher spot exchange rate, the higher the fair value
			Risk-free interest rate	The lower risk-free interest rate, the higher the fair value
Unlisted fund investment, at fair value	Level 3	Recent transaction price	N/A*	N/A*
Unlisted equity investment, at fair value	Level 3	Back-solve model and hybrid method	Enterprise value	The higher enterprise value, the higher the fair value
			Time to liquidation	The shorter time to liquidation, the higher the fair value
			Risk-free interest rate	The lower risk-free interest rate, the higher the fair value
			Volatility	The lower volatility, the higher the fair value

- The investment was acquired by the Group recently. The management of the Group considered that since there was no significant change since the acquisition, the most recent transaction price is used as the best estimate of the fair value.

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at December 31, 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets				
Wealth management products	–	95,737	–	95,737
Unlisted equity investments, at fair value	–	–	4,195	4,195
Unlisted fund investments, at fair value	–	–	2,574	2,574
	–	95,737	6,769	102,506

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in the rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
December 31, 2021			
If RMB weakens against USD	**5**	**97,714**	**88,009**
If RMB strengthens against USD	**(5)**	**(97,714)**	**(88,009)**
If RMB weakens against HKD	**5**	**473**	**472**
If RMB strengthens against HKD	**(5)**	**(473)**	**(472)**
If RMB weakens against AUD	**5**	**106**	**78**
If RMB strengthens against AUD	**(5)**	**(106)**	**(78)**
December 31, 2020			
If RMB weakens against USD	5	149,398	149,398
If RMB strengthens against USD	(5)	(149,398)	(149,398)
If RMB weakens against HKD	5	2,618	2,618
If RMB strengthens against HKD	(5)	(2,618)	(2,618)
If RMB weakens against AUD	5	38	38
If RMB strengthens against AUD	(5)	(38)	(38)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

At December 31, 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	–	–	–	7,006	7,006
Financial assets included in prepayments and other receivables					
– Normal*	12,008	–	–	–	12,008
Cash and bank balances					
– Not yet past due	2,274,752	–	–	–	2,274,752
	2,286,760	–	–	7,006	2,293,766

At December 31, 2020

	12-month ECLs	Lifetime ECLs		
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Financial assets included in prepayments and other receivables				
– Normal*	5,995	–	–	5,995
Cash and bank balances				
– Not yet past due	3,109,832	–	–	3,109,832
	3,115,827	–	–	3,115,827

- The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at December 31, 2021				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	1,475	–	–	–	1,475
Financial liabilities in other payables and accruals	71,601	–	–	–	71,601
Lease liabilities	–	2,109	9,236	4,369	15,714
	73,076	2,109	9,236	4,369	88,790

	As at December 31, 2020				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Financial liabilities in other payables and accruals	77,594	–	–	–	77,594
Lease liabilities	–	884	4,234	6,328	11,446
	77,594	884	4,234	6,328	89,040

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2021 and December 31, 2020.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021 RMB'000	2020 RMB'000
CURRENT ASSETS		
Prepayments and other receivables	**242**	4,125
Due from subsidiaries	**2,480,248**	856,092
Financial assets at fair value through profit or loss	**95,636**	–
Cash and bank balances	**863,221**	2,729,244
Total current assets	**3,439,347**	3,589,461
NON-CURRENT ASSETS		
Investments in subsidiaries	**130,639**	89,122
Total non-current assets	**130,639**	89,122
CURRENT LIABILITIES		
Other payables and accruals	**5,992**	32,382
Due to shareholders	**17,449**	17,459
Total current liabilities	**23,441**	49,841
NET CURRENT ASSETS	**3,415,906**	3,539,620
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,546,545**	3,628,742
Net assets	**3,546,545**	3,628,742
EQUITY		
Share capital	**446**	448
Treasury shares	**(18,758)**	(30)
Reserves	**3,564,857**	3,628,324
Total equity	**3,546,545**	3,628,742

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

A summary of the Company's reserves is as follows:

	Attributable to owners of the parent					
	Share capital RMB'000	Treasury shares RMB'000	Share option reserve RMB'000	Share premium RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2020	72	–	2	(202,763)	(183,543)	(386,232)
Loss and total comprehensive loss for the year	–	–	–	–	(2,509,366)	(2,509,366)
Issue of shares	14	(15)	(6)	7	–	–
Equity-settled share option arrangements	–	–	89,122	–	–	89,122
Transfer of share option reserve upon the forfeiture of share options	–	–	(6)	–	6	–
Shares repurchased	(5)	–	–	(139,640)	–	(139,645)
Conversion of convertible redeemable preferred shares to ordinary shares	95	–	–	4,271,497	–	4,271,592
Issue of shares from IPO	101	–	–	2,364,721	–	2,364,822
Issue of shares from exercise of an over-allotment option	2	–	–	45,431	–	45,433
Capitalisation issue	169	(15)	–	(154)	–	–
Share issue expenses	–	–	–	(106,984)	–	(106,984)
At December 31, 2020 and January 1, 2021	**448**	**(30)**	**89,112**	**6,232,115**	**(2,692,903)**	**3,628,742**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(78,192)**	**(78,192)**
Equity-settled share option arrangements	**–**	**–**	**42,085**	**–**	**–**	**42,085**
Repurchase of ordinary shares	**–**	**(47,945)**	**–**	**–**	**–**	**(47,945)**
Cancellation of ordinary shares	**(2)**	**29,217**	**–**	**(29,215)**	**–**	**–**
Exercise of share options	**–**	**–**	**(273)**	**2,128**	**–**	**1,855**
At December 31, 2021	**446**	**(18,758)**	**130,924**	**6,205,028**	**(2,771,095)**	**3,546,545**

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on March 18, 2022.